

# Senate Study Bill 1077

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
JUDICIARY BILL BY  
CHAIRPERSON REDFERN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to nonprofit corporations and providing penalties  
2 and effective and applicability dates.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 1151SC 80  
5 av/cf/24

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1 1 SUBCHAPTER I  
1 2 GENERAL PROVISIONS  
1 3 PART 1  
1 4 SHORT TITLE AND APPLICATIONS  
1 5 Section 1. NEW SECTION. 504A.101A SHORT TITLE.  
1 6 This chapter shall be known and may be cited as the "Iowa  
1 7 Nonprofit Corporation Act".  
1 8 Sec. 2. NEW SECTION. 504A.101B RESERVATION OF POWER TO  
1 9 AMEND OR REPEAL.  
1 10 The general assembly has power to amend or repeal all or  
1 11 part of this chapter at any time and all domestic and foreign  
1 12 corporations subject to this chapter are governed by the  
1 13 amendment or repeal.  
1 14 PART 2  
1 15 FILING DOCUMENTS  
1 16 Sec. 3. NEW SECTION. 504A.111 FILING REQUIREMENTS.  
1 17 1. A document must satisfy the requirements of this  
1 18 section, and of any other section that adds to or varies these  
1 19 requirements, to be entitled to filing by the secretary of  
1 20 state.  
1 21 2. This chapter must require or permit filing the document  
1 22 in the office of the secretary of state.  
1 23 3. The document must contain the information required by  
1 24 this subchapter. It may contain other information as well.  
1 25 4. The document must be typewritten or printed. If the  
1 26 document is electronically transmitted, it must be in a format  
1 27 that can be retrieved or reproduced in typewritten or printed  
1 28 form.  
1 29 5. The document must be in the English language. However,  
1 30 a corporate name need not be in English if written in English  
1 31 letters or Arabic or Roman numerals. The certificate of  
1 32 existence required of foreign corporations need not be in  
1 33 English if accompanied by a reasonably authenticated English  
1 34 translation.  
1 35 6. The document must be executed by one of the following:  
2 1 a. The presiding officer of the board of directors of a  
2 2 domestic or foreign corporation, its president, or by another  
2 3 of its officers.  
2 4 b. If directors have not been selected or the corporation  
2 5 has not been formed, by an incorporator.  
2 6 c. If the corporation is in the hands of a receiver,  
2 7 trustee, or other court-appointed fiduciary, by that  
2 8 fiduciary.  
2 9 7. The person executing a document shall sign it and state  
2 10 beneath or opposite the signature the person's name and the  
2 11 capacity in which the person signs. The document may contain  
2 12 a corporate seal, an attestation, an acknowledgment, or a  
2 13 verification.  
2 14 8. If the secretary of state has prescribed a mandatory  
2 15 form for a document under section 504A.112, the document must  
2 16 be in or on the prescribed form.  
2 17 9. The document must be delivered to the office of the  
2 18 secretary of state for filing. Delivery may be made by  
2 19 electronic transmission if and to the extent permitted by the  
2 20 secretary of state. If it is filed in typewritten or printed  
2 21 form and not transmitted electronically, the secretary of  
2 22 state may require one exact or conformed copy to be delivered

2 23 with the document, except as provided in sections 504A.503 and  
2 24 504A.1509.

2 25 10. When the document is delivered to the office of the  
2 26 secretary of state for filing, the correct filing fee, and any  
2 27 franchise tax, license fee, or penalty, shall be paid in a  
2 28 manner permitted by the secretary of state.

2 29 11. The secretary of state may adopt rules for the  
2 30 electronic filing of documents and the certification of  
2 31 electronically filed documents.

2 32 Sec. 4. NEW SECTION. 504A.112 FORMS.

2 33 1. The secretary of state may prescribe and furnish on  
2 34 request, forms for an application for a certificate of  
2 35 existence, a foreign corporation's application for a  
3 1 certificate of authority to transact business in this state, a  
3 2 foreign corporation's application for a certificate of  
3 3 withdrawal, and the biennial report. If the secretary of  
3 4 state so requires, use of these forms is mandatory.

3 5 2. The secretary of state may prescribe and furnish on  
3 6 request forms for other documents required or permitted to be  
3 7 filed by this chapter but their use is not mandatory.

3 8 Sec. 5. NEW SECTION. 504A.113 FILING, SERVICE, AND  
3 9 COPYING FEES.

3 10 1. The secretary of state shall collect the following  
3 11 fees, as provided by the secretary of state, when the  
3 12 documents described in this subsection are delivered for  
3 13 filing:

DOCUMENT	FEE
a. Articles of incorporation .....	\$
b. Application for use of indistinguishable name .....	\$
c. Application for reserved name .....	\$
d. Notice of transfer of reserved name .....	\$
e. Application for registered name .....	\$
f. Application for renewal of registered name ...	\$
g. Corporation's statement of change of registered agent or registered office or both .....	\$
h. Agent's statement of change of registered office for each affected corporation not to exceed a total of .....	\$
i. Agent's statement of resignation .....	no fee
j. Amendment of articles of incorporation .....	\$
k. Restatement of articles of incorporation with amendments .....	\$
l. Articles of merger .....	\$
m. Articles of dissolution .....	\$
n. Articles of revocation of dissolution .....	\$
o. Certificate of administrative dissolution ....	\$
p. Application for reinstatement following administrative dissolution .....	\$
q. Certificate of reinstatement .....	no fee
r. Certificate of judicial dissolution .....	no fee
s. Application for certificate of authority .....	\$
t. Application for amended certificate of authority .....	\$
u. Application for certificate of withdrawal ....	\$
v. Certificate of revocation of authority to transact business .....	no fee
w. Biennial report .....	\$
x. Articles of correction .....	\$
y. Application for certificate of existence or authorization .....	\$
z. Any other document required or permitted to be filed by this Act .....	\$

4 16 2. The secretary of state shall collect a fee upon being  
4 17 served with process under this chapter. The party to a  
4 18 proceeding causing service of process is entitled to recover  
4 19 the fee paid the secretary of state as costs if the party  
4 20 prevails in the proceeding.

4 21 3. The secretary of state shall collect fees for copying  
4 22 and certifying the copy of any filed document relating to a  
4 23 domestic or foreign corporation.

4 24 Sec. 6. NEW SECTION. 504A.114 EFFECTIVE DATE OF  
4 25 DOCUMENT.

4 26 1. Except as provided in subsection 2 and section  
4 27 504A.115, a document is effective at the later of the  
4 28 following times:

4 29 a. At the date and time of filing, as evidenced by such  
4 30 means as the secretary of state may use for the purpose of  
4 31 recording the date and time of filing.

4 32 b. At the time specified in the document as its effective  
4 33 time on the date it is filed.

4 34 2. A document may specify a delayed effective time and  
4 35 date, and if it does so the document becomes effective at the  
5 1 time and date specified. If a delayed effective date but no  
5 2 time is specified, the document is effective at the close of  
5 3 business on that date. A delayed effective date for a  
5 4 document shall not be later than the ninetieth day after the  
5 5 date filed.

5 6 Sec. 7. NEW SECTION. 504A.115 CORRECTING FILED DOCUMENT.

5 7 1. A domestic or foreign corporation may correct a  
5 8 document filed by the secretary of state if the document  
5 9 satisfies one of the following:

5 10 a. The document contains an inaccuracy.

5 11 b. The document was defectively executed, attested,  
5 12 sealed, verified, or acknowledged.

5 13 c. The electronic transmission was defective.

5 14 2. A document is corrected by doing both of the following:

5 15 a. By preparing articles of correction that satisfy all of  
5 16 the following requirements:

5 17 (1) Describe the document, including its filing date, or  
5 18 attaching a copy of the document to the articles.

5 19 (2) Specify the inaccuracy or defect to be corrected.

5 20 (3) Correct the incorrect statement or defective  
5 21 execution.

5 22 b. By delivering the articles of correction to the  
5 23 secretary of state for filing.

5 24 3. Articles of correction are effective on the effective  
5 25 date of the document they correct except as to persons relying  
5 26 on the uncorrected document and adversely affected by the  
5 27 correction. As to those persons, articles of correction are  
5 28 effective when filed.

5 29 Sec. 8. NEW SECTION. 504A.116 FILING DUTY OF SECRETARY  
5 30 OF STATE.

5 31 1. If a document delivered to the office of the secretary  
5 32 of state for filing satisfies the requirements of section  
5 33 504A.111, the secretary of state shall file it.

5 34 2. The secretary of state files a document by recording  
5 35 the document as filed on the date and the time of receipt.  
6 1 After filing a document, except as provided in sections  
6 2 504A.503 and 504A.1510, the secretary of state shall deliver  
6 3 to the domestic or foreign corporation or its representative a  
6 4 copy of the document with an acknowledgment of the date and  
6 5 time of filing.

6 6 3. Upon refusing to file a document, the secretary of  
6 7 state shall return it to the domestic or foreign corporation  
6 8 or its representative, together with a brief, written  
6 9 explanation of the reason or reasons for the refusal.

6 10 4. The secretary of state's duty to file documents under  
6 11 this section is ministerial. Filing or refusal to file a  
6 12 document does not do any of the following:

6 13 a. Affect the validity or invalidity of the document in  
6 14 whole or in part.

6 15 b. Relate to the correctness or incorrectness of  
6 16 information contained in the document.

6 17 c. Create a presumption that the document is valid or  
6 18 invalid or that information contained in the document is  
6 19 correct or incorrect.

6 20 Sec. 9. NEW SECTION. 504A.117 APPEAL FROM SECRETARY OF  
6 21 STATE'S REFUSAL TO FILE DOCUMENT.

6 22 1. If the secretary of state refuses to file a document  
6 23 delivered for filing to the secretary of state's office, the  
6 24 domestic or foreign corporation may appeal the refusal to the  
6 25 district court in the county where the corporation's principal  
6 26 office, or if there is none in this state, its registered  
6 27 office, is or will be located. The appeal is commenced by  
6 28 petitioning the court to compel filing the document and by  
6 29 attaching to the petition the document and the secretary of  
6 30 state's explanation of the refusal to file.

6 31 2. The court may summarily order the secretary of state to  
6 32 file the document or take other action the court considers  
6 33 appropriate.

6 34 3. The court's final decision may be appealed as in other  
6 35 civil proceedings.

7 1 Sec. 10. NEW SECTION. 504A.118 EVIDENTIARY EFFECT OF  
7 2 COPY OF FILED DOCUMENT.

7 3 A certificate from the secretary of state delivered with a  
7 4 copy of a document filed by the secretary of state is  
7 5 conclusive evidence that the original document is on file with  
7 6 the secretary of state.

7 7 Sec. 11. NEW SECTION. 504A.119 CERTIFICATE OF EXISTENCE.

7 8 1. Any person may apply to the secretary of state to  
7 9 furnish a certificate of existence for a domestic or foreign

7 10 corporation.

7 11 2. The certificate of existence shall set forth all of the  
7 12 following:

7 13 a. The domestic corporation's corporate name or the  
7 14 foreign corporation's corporate name used in this state.

7 15 b. That the domestic corporation is duly incorporated  
7 16 under the laws of this state, the date of its incorporation,  
7 17 and the period of its duration if less than perpetual; or that  
7 18 the foreign corporation is authorized to transact business in  
7 19 this state.

7 20 c. That all fees, taxes, and penalties owed to this state  
7 21 have been paid, if payment is reflected in the records of the  
7 22 secretary of state and nonpayment affects the good standing of  
7 23 the domestic or foreign corporation.

7 24 d. That its most recent biennial report required by  
7 25 section 504A.1613 has been delivered to the secretary of  
7 26 state.

7 27 e. That articles of dissolution have not been filed.

7 28 f. Other facts of record in the office of the secretary of  
7 29 state that may be requested by the applicant.

7 30 3. Subject to any qualification stated in the certificate,  
7 31 a certificate of existence issued by the secretary of state  
7 32 may be relied upon as conclusive evidence that the domestic or  
7 33 foreign corporation is in good standing in this state.

7 34 Sec. 12. NEW SECTION. 504A.120 PENALTY FOR SIGNING FALSE  
7 35 DOCUMENT.

8 1 1. A person commits an offense by signing a document the  
8 2 person knows is false in any material respect with intent that  
8 3 the document be delivered to the secretary of state for  
8 4 filing.

8 5 2. An offense under this section is a serious misdemeanor  
8 6 punishable by a fine not to exceed one thousand dollars.

#### 8 7 PART 3

#### 8 8 SECRETARY OF STATE

8 9 Sec. 13. NEW SECTION. 504A.131 POWERS.

8 10 The secretary of state has all powers reasonably necessary  
8 11 to perform the duties required of the secretary of state's  
8 12 office by this chapter.

#### 8 13 PART 4

#### 8 14 DEFINITIONS

8 15 Sec. 14. NEW SECTION. 504A.141 CHAPTER DEFINITIONS.

8 16 As used in this chapter, unless the context otherwise  
8 17 requires:

8 18 1. "Approved by the members" or "approval by the members"  
8 19 means approved or ratified by the affirmative vote of a  
8 20 majority of the votes represented and voting at a duly held  
8 21 meeting at which a quorum is present which affirmative votes  
8 22 also constitute a majority of the required quorum or by a  
8 23 written ballot or written consent in conformity with this  
8 24 chapter or by the affirmative vote, written ballot, or written  
8 25 consent of such greater proportion, including the votes of all  
8 26 the members of any class, unit, or grouping as may be provided  
8 27 in the articles, bylaws, or this chapter for any specified  
8 28 member action.

8 29 2. "Articles of incorporation" or "articles" includes  
8 30 amended and restated articles of incorporation and articles of  
8 31 merger.

8 32 3. "Board" or "board of directors" means the board of  
8 33 directors of a corporation except that no person or group of  
8 34 persons are the board of directors because of powers delegated  
8 35 to that person or group pursuant to section 504A.801.

9 1 4. "Bylaws" means the code or codes of rules other than  
9 2 the articles adopted pursuant to this chapter for the  
9 3 regulation or management of the affairs of a corporation  
9 4 irrespective of the name or names by which such rules are  
9 5 designated.

9 6 5. "Class" means a group of memberships which have the  
9 7 same rights with respect to voting, dissolution, redemption,  
9 8 and transfer. For purposes of this section, rights shall be  
9 9 considered the same if they are determined by a formula  
9 10 applied uniformly.

9 11 6. "Corporation" means a public benefit, mutual benefit,  
9 12 or religious corporation.

9 13 7. "Delegates" means those persons elected or appointed to  
9 14 vote in a representative assembly for the election of a  
9 15 director or directors or on other matters.

9 16 8. "Deliver" or "delivery" means any method of delivery  
9 17 used in conventional commercial practice, including delivery  
9 18 in person, by mail, commercial delivery, and electronic  
9 19 transmission.

9 20 9. "Directors" means individuals, designated in the

9 21 articles or bylaws or elected by the incorporators, and their  
9 22 successors and individuals elected or appointed by any other  
9 23 name or title to act as members of the board.  
9 24 10. "Distribution" means the payment of a dividend or any  
9 25 part of the income or profit of a corporation to its members,  
9 26 directors, or officers.  
9 27 11. "Domestic corporation" means a corporation.  
9 28 12. "Effective date of notice" is defined in section  
9 29 504A.142.  
9 30 13. "Electronic transmission" or "electronically  
9 31 transmitted" means any process of communication not directly  
9 32 involving the physical transfer of paper that is suitable for  
9 33 the retention, retrieval, and reproduction of information by  
9 34 the recipient.  
9 35 14. "Employee" does not include an officer or director of  
10 1 a corporation who is not otherwise employed by the  
10 2 corporation.  
10 3 15. "Entity" includes a corporation and foreign  
10 4 corporation; business corporation and foreign business  
10 5 corporation; limited liability company; profit and nonprofit  
10 6 unincorporated association; corporation sole; business trust,  
10 7 estate, partnership, trust, and two or more persons having a  
10 8 joint or common economic interest; and state, the United  
10 9 States, and foreign government.  
10 10 16. "File", "filed", or "filing" means filed in the office  
10 11 of the secretary of state.  
10 12 17. "Foreign corporation" means a corporation organized  
10 13 under laws other than the laws of this state which would be a  
10 14 nonprofit corporation if formed under the laws of this state.  
10 15 18. "Governmental subdivision" includes an authority,  
10 16 county, district, and municipality.  
10 17 19. "Includes" denotes a partial definition.  
10 18 20. "Individual" includes the estate of an incompetent  
10 19 individual.  
10 20 21. "Means" denotes a complete definition.  
10 21 22. "Member" means a person who on more than one occasion,  
10 22 pursuant to the provisions of a corporation's articles or  
10 23 bylaws, has a right to vote for the election of a director or  
10 24 directors of a corporation, irrespective of how a member is  
10 25 defined in the articles or bylaws of the corporation. A  
10 26 person is not a member because of any of the following:  
10 27 a. The person's rights as a delegate.  
10 28 b. The person's rights to designate a director.  
10 29 c. The person's rights as a director.  
10 30 23. "Membership" refers to the rights and obligations a  
10 31 member or members have pursuant to a corporation's articles,  
10 32 bylaws, and this chapter.  
10 33 24. "Mutual benefit corporation" means a domestic  
10 34 corporation that is formed as a mutual benefit corporation  
10 35 pursuant to subchapter 2 or is required to be a mutual benefit  
11 1 corporation pursuant to section 504A.1706.  
11 2 25. "Notice" is defined in section 504A.142.  
11 3 26. "Person" includes any individual or entity.  
11 4 27. "Principal office" means the office in or out of this  
11 5 state so designated in the biennial report filed pursuant to  
11 6 section 504A.1613 where the principal offices of a domestic or  
11 7 foreign corporation are located.  
11 8 28. "Proceeding" includes a civil suit and criminal,  
11 9 administrative, or investigatory actions.  
11 10 29. "Public benefit corporation" means a domestic  
11 11 corporation that is formed as a public benefit corporation  
11 12 pursuant to subchapter 2 or is required to be a public benefit  
11 13 corporation pursuant to section 504A.1706.  
11 14 30. "Record date" means the date established under  
11 15 subchapter 6 or 7 on which a corporation determines the  
11 16 identity of its members for the purposes of this subchapter.  
11 17 31. "Religious corporation" means a domestic corporation  
11 18 that is formed as a religious corporation pursuant to  
11 19 subchapter 2 or is required to be a religious corporation  
11 20 pursuant to section 504A.1706.  
11 21 32. "Secretary" means the corporate officer to whom the  
11 22 board of directors has delegated responsibility under section  
11 23 504A.841, subsection 2, for custody of the minutes of the  
11 24 directors' and members' meetings and for authenticating the  
11 25 records of the corporation.  
11 26 33. "Sign" or "signature" includes a manual, facsimile,  
11 27 conformed, or electronic signature.  
11 28 34. "State", when referring to a part of the United  
11 29 States, includes a state and commonwealth and their agencies  
11 30 and governmental subdivisions, and a territory and insular  
11 31 possession and their agencies and governmental subdivisions of

11 32 the United States.

11 33 35. "United States" includes a district, authority,  
11 34 bureau, commission, department, and any other agency of the  
11 35 United States.

12 1 36. "Vote" includes authorization by written ballot and  
12 2 written consent.

12 3 37. "Voting power" means the total number of votes  
12 4 entitled to be cast for the election of directors at the time  
12 5 the determination of voting power is made, excluding a vote  
12 6 that is contingent upon the happening of a condition or event  
12 7 that has not occurred at the time. When a class is entitled  
12 8 to vote as a class for directors, the determination of voting  
12 9 power of the class shall be based on the percentage of the  
12 10 number of directors the class is entitled to elect out of the  
12 11 total number of authorized directors.

12 12 Sec. 15. NEW SECTION. 504A.142 NOTICE.

12 13 1. Notice under this chapter must be in writing unless  
12 14 oral notice is reasonable under the circumstances. Notice by  
12 15 electronic transmission is written notice.

12 16 2. Subject to subsection 1, notice may be communicated in  
12 17 person, by mail, or other method of delivery; or by telephone,  
12 18 voice mail, or other electronic means. If these forms of  
12 19 personal notice are impracticable, notice may be communicated  
12 20 by a newspaper of general circulation in the area where  
12 21 published or by radio, television, or other form of public  
12 22 broadcast communication.

12 23 3. Oral notice is effective when communicated if  
12 24 communicated in a comprehensible manner.

12 25 4. Written notice by a domestic or foreign corporation to  
12 26 its member, if in a comprehensible form, is effective  
12 27 according to one of the following:

12 28 a. Upon deposit in the United States mail, if mailed  
12 29 postpaid and correctly addressed to the member's address shown  
12 30 in the corporation's current record of members.

12 31 b. When electronically transmitted to the shareholder in a  
12 32 manner authorized by the shareholder.

12 33 5. Except as provided in subsection 4, written notice, if  
12 34 in a comprehensible form, is effective at the earliest of the  
12 35 following:

13 1 a. When received.

13 2 b. Five days after its deposit in the United States mail,  
13 3 if mailed correctly addressed and with first-class postage  
13 4 affixed.

13 5 c. On the date shown on the return receipt, if sent by  
13 6 registered or certified mail, return receipt requested, and  
13 7 the receipt is signed by or on behalf of the addressee.

13 8 d. Thirty days after its deposit in the United States  
13 9 mail, if mailed correctly addressed and with other than first=  
13 10 class, registered, or certified postage affixed.

13 11 6. Written notice is correctly addressed to a member of a  
13 12 domestic or foreign corporation if addressed to the member's  
13 13 address shown in the corporation's current list of members.

13 14 7. A written notice or report delivered as part of a  
13 15 newsletter, magazine, or other publication regularly sent to  
13 16 members shall constitute a written notice or report if  
13 17 addressed or delivered to the member's address shown in the  
13 18 corporation's current list of members, or in the case of  
13 19 members who are residents of the same household and who have  
13 20 the same address in the corporation's current list of members,  
13 21 if addressed or delivered to one of such members, at the  
13 22 address appearing on the current list of members.

13 23 8. Written notice is correctly addressed to a domestic or  
13 24 foreign corporation authorized to transact business in this  
13 25 state, other than in its capacity as a member, if addressed to  
13 26 its registered agent or to its secretary at its principal  
13 27 office shown in its most recent biennial report or, in the  
13 28 case of a foreign corporation that has not yet delivered an  
13 29 annual report, in its application for a certificate of  
13 30 authority.

13 31 9. If section 504A.705, subsection 2, or any other  
13 32 provision of this chapter prescribes notice requirements for  
13 33 particular circumstances, those requirements govern. If  
13 34 articles or bylaws prescribe notice requirements not  
13 35 inconsistent with this section or other provisions of this  
14 1 chapter, those requirements govern.

14 2 PART 5

14 3 JUDICIAL RELIEF

14 4 Sec. 16. NEW SECTION. 504A.151 JUDICIAL RELIEF.

14 5 1. If for any reason it is impractical or impossible for a  
14 6 corporation to call or conduct a meeting of its members,  
14 7 delegates, or directors, or otherwise obtain their consent, in

14 8 the manner prescribed by its articles, bylaws, or this  
14 9 chapter, then upon petition of a director, officer, delegate,  
14 10 member, or the attorney general, the district court may order  
14 11 that such a meeting be called or that a written ballot or  
14 12 other form of obtaining the vote of members, delegates, or  
14 13 directors be authorized, in such a manner as the court finds  
14 14 fair and equitable under the circumstances.

14 15 2. The court shall, in an order issued pursuant to this  
14 16 section, provide for a method of notice reasonably designed to  
14 17 give actual notice to all persons who would be entitled to  
14 18 notice of a meeting held pursuant to the articles, bylaws, and  
14 19 this chapter, whether or not the method results in actual  
14 20 notice to all such persons or conforms to the notice  
14 21 requirements that would otherwise apply. In a proceeding  
14 22 under this section, the court may determine who the members or  
14 23 directors are.

14 24 3. An order issued pursuant to this section may dispense  
14 25 with any requirement relating to the holding of or voting at  
14 26 meetings or obtaining votes, including any requirement as to  
14 27 quorums or as to the number or percentage of votes needed for  
14 28 approval, that would otherwise be imposed by the articles,  
14 29 bylaws, or this chapter.

14 30 4. Whenever practical, an order issued pursuant to this  
14 31 section shall limit the subject matter of meetings or other  
14 32 forms of consent authorized to items, including amendments to  
14 33 the articles or bylaws, the resolution of which will or may  
14 34 enable the corporation to continue managing its affairs  
14 35 without further resort to this section; provided, however,  
15 1 that an order under this section may also authorize the  
15 2 obtaining of whatever votes and approvals are necessary for  
15 3 the dissolution, merger, or sale of assets.

15 4 5. A meeting or other method of obtaining the vote of  
15 5 members, delegates, or directors conducted pursuant to an  
15 6 order issued under this section, and which complies with all  
15 7 the provisions of such order, is for all purposes a valid  
15 8 meeting or vote, as the case may be, and shall have the same  
15 9 force and effect as if it complied with every requirement  
15 10 imposed by the articles, bylaws, and this chapter.

#### 15 11 PART 6

#### 15 12 ATTORNEY GENERAL

15 13 Sec. 17. NEW SECTION. 504A.161 ATTORNEY GENERAL.

15 14 1. The attorney general shall be given notice of the  
15 15 commencement of a proceeding which this chapter authorizes the  
15 16 attorney general to bring but which has been commenced by  
15 17 another person.

15 18 2. Whenever a provision of this chapter requires that  
15 19 notice be given to the attorney general before or after  
15 20 commencing a proceeding or permits the attorney general to  
15 21 commence a proceeding:

15 22 a. If no proceeding has been commenced, the attorney  
15 23 general may take appropriate action including, but not limited  
15 24 to, seeking injunctive relief.

15 25 b. If a proceeding has been commenced by a person other  
15 26 than the attorney general, the attorney general, as of right,  
15 27 may intervene in such proceeding.

15 28 Sec. 18. NEW SECTION. 504A.162 RELIGIOUS CORPORATIONS ==  
15 29 CONSTITUTIONAL PROTECTIONS.

15 30 If religious doctrine governing the affairs of a religious  
15 31 corporation is inconsistent with the provisions of this  
15 32 chapter on the same subject, the religious doctrine shall  
15 33 control to the extent required by the Constitution of the  
15 34 United States or the constitution of this state or both.

#### 15 35 SUBCHAPTER II

#### 16 1 ORGANIZATION

16 2 Sec. 19. NEW SECTION. 504A.201 INCORPORATORS.

16 3 One or more persons may act as the incorporator or  
16 4 incorporators of a corporation by delivering articles of  
16 5 incorporation to the secretary of state for filing.

16 6 Sec. 20. NEW SECTION. 504A.202 ARTICLES OF  
16 7 INCORPORATION.

16 8 1. The articles of incorporation shall set forth all of  
16 9 the following:

16 10 a. A corporate name for the corporation that satisfies the  
16 11 requirements of section 504A.401.

16 12 b. One of the following statements:

16 13 (1) This corporation is a public benefit corporation.

16 14 (2) This corporation is a mutual benefit corporation.

16 15 (3) This corporation is a religious corporation.

16 16 c. The address of the corporation's initial registered  
16 17 office and the name of its initial registered agent at that  
16 18 office.

16 19 d. The name and address of each incorporator.  
16 20 e. Whether the corporation will have members.  
16 21 f. Provisions not inconsistent with law regarding the  
16 22 distribution of assets on dissolution.  
16 23 2. The articles of incorporation may set forth any of the  
16 24 following:  
16 25 a. The purpose for which the corporation is organized,  
16 26 which may be, either alone or in combination with other  
16 27 purposes, the transaction of any lawful activity.  
16 28 b. The names and addresses of the individuals who are to  
16 29 serve as the initial directors.  
16 30 c. Provisions not inconsistent with law regarding all of  
16 31 the following:  
16 32 (1) Managing and regulating the affairs of the  
16 33 corporation.  
16 34 (2) Defining, limiting, and regulating the powers of the  
16 35 corporation, its board of directors, and members, or any class  
17 1 of members.  
17 2 (3) The characteristics, qualifications, rights,  
17 3 limitations, and obligations attaching to each or any class of  
17 4 members.  
17 5 d. A provision permitting or requiring a corporation to  
17 6 indemnify a director for liability, as defined in section  
17 7 504A.851, subsection 5, to a person for any action taken, or  
17 8 any failure to take any action, as a director except liability  
17 9 for any of the following:  
17 10 (1) Receipt of a financial benefit to which the person is  
17 11 not entitled.  
17 12 (2) Intentional infliction of harm on the corporation or  
17 13 its members.  
17 14 (3) A violation of section 504A.834.  
17 15 (4) Intentional violation of criminal law.  
17 16 e. Any provision that under this chapter is required or  
17 17 permitted to be set forth in the bylaws.  
17 18 3. Each incorporator named in the articles must sign the  
17 19 articles.  
17 20 4. The articles of incorporation need not set forth any of  
17 21 the corporate powers enumerated in this chapter.  
17 22 Sec. 21. NEW SECTION. 504A.203 INCORPORATION.  
17 23 1. Unless a delayed effective date is specified, the  
17 24 corporate existence begins when the articles of incorporation  
17 25 are filed.  
17 26 2. The secretary of state's filing of the articles of  
17 27 incorporation is conclusive proof that the incorporators  
17 28 satisfied all conditions precedent to incorporation except in  
17 29 a proceeding by the state to cancel or revoke the  
17 30 incorporation or involuntarily dissolve the corporation.  
17 31 Sec. 22. NEW SECTION. 504A.204 LIABILITY FOR  
17 32 PREINCORPORATION TRANSACTIONS.  
17 33 All persons purporting to act as or on behalf of a  
17 34 corporation, knowing there was no incorporation under this  
17 35 chapter, are jointly and severally liable for all liabilities  
18 1 created while so acting.  
18 2 Sec. 23. NEW SECTION. 504A.205 ORGANIZATION OF  
18 3 CORPORATION.  
18 4 1. After incorporation:  
18 5 a. If initial directors are named in the articles of  
18 6 incorporation, the initial directors shall hold an  
18 7 organizational meeting, at the call of a majority of the  
18 8 directors, to complete the organization of the corporation by  
18 9 appointing officers, adopting bylaws, and carrying on any  
18 10 other business brought before the meeting.  
18 11 b. If initial directors are not named in the articles, the  
18 12 incorporator or incorporators shall hold an organizational  
18 13 meeting at the call of a majority of the incorporators to do  
18 14 one of the following:  
18 15 (1) Elect directors and complete the organization of the  
18 16 corporation.  
18 17 (2) Elect a board of directors who shall complete the  
18 18 organization of the corporation.  
18 19 2. Action required or permitted by this chapter to be  
18 20 taken by incorporators at an organizational meeting may be  
18 21 taken without a meeting if the action taken is evidenced by  
18 22 one or more written consents describing the action taken and  
18 23 signed by each incorporator.  
18 24 3. An organizational meeting may be held in or out of this  
18 25 state in accordance with section 504A.821.  
18 26 Sec. 24. NEW SECTION. 504A.206 BYLAWS.  
18 27 1. The incorporators or board of directors of a  
18 28 corporation shall adopt bylaws for the corporation.  
18 29 2. The bylaws may contain any provision for regulating and

18 30 managing the affairs of the corporation that is not  
18 31 inconsistent with law or the articles of incorporation.  
18 32 Sec. 25. NEW SECTION. 504A.207 EMERGENCY BYLAWS AND  
18 33 POWERS.

18 34 1. Unless the articles provide otherwise the directors of  
18 35 a corporation may adopt, amend, or repeal bylaws to be  
19 1 effective only in an emergency as described in subsection 4.  
19 2 The emergency bylaws, which are subject to amendment or repeal  
19 3 by the members, may provide special procedures necessary for  
19 4 managing the corporation during the emergency, including all  
19 5 of the following:

19 6 a. How to call a meeting of the board.

19 7 b. Quorum requirements for the meeting.

19 8 c. Designation of additional or substitute directors.

19 9 2. All provisions of the regular bylaws consistent with  
19 10 the emergency bylaws remain effective during the emergency.  
19 11 The emergency bylaws are not effective after the emergency  
19 12 ends.

19 13 3. Corporate action taken in good faith in accordance with  
19 14 the emergency bylaws does both of the following:

19 15 a. Binds the corporation.

19 16 b. Shall not be used to impose liability on a corporate  
19 17 director, officer, employee, or agent.

19 18 4. An emergency exists for purposes of this section if a  
19 19 quorum of the corporation's directors cannot readily be  
19 20 assembled because of some catastrophic event.

#### 19 21 SUBCHAPTER III

#### 19 22 PURPOSES AND POWERS

19 23 Sec. 26. NEW SECTION. 504A.301 PURPOSES.

19 24 1. Every corporation incorporated under this chapter has  
19 25 the purpose of engaging in any lawful activity unless a more  
19 26 limited purpose is set forth in the articles of incorporation.

19 27 2. A corporation engaging in an activity that is subject  
19 28 to regulation under another statute of this state may  
19 29 incorporate under this chapter only if incorporation under  
19 30 this chapter is not prohibited by the other statute. The  
19 31 corporation shall be subject to all limitations of the other  
19 32 statute.

19 33 Sec. 27. NEW SECTION. 504A.302 GENERAL POWERS.

19 34 Unless its articles of incorporation provide otherwise,  
19 35 every corporation has perpetual duration and succession in its  
20 1 corporate name and has the same powers as an individual to do  
20 2 all things necessary or convenient to carry out its affairs,  
20 3 including without limitation all of the following powers:

20 4 1. Sue and be sued, complain, and defend in its corporate  
20 5 name.

20 6 2. Have a corporate seal, which may be altered at will,  
20 7 and to use it, or a facsimile of it, by impressing, affixing,  
20 8 or in any other manner reproducing it.

20 9 3. Make and amend bylaws not inconsistent with its  
20 10 articles of incorporation or with the laws of this state, for  
20 11 regulating and managing the affairs of the corporation.

20 12 4. Purchase, receive, lease, or otherwise acquire, and  
20 13 own, hold, improve, use, and otherwise deal with real or  
20 14 personal property, or any legal or equitable interest in  
20 15 property, wherever located.

20 16 5. Sell, convey, mortgage, pledge, lease, exchange, and  
20 17 otherwise dispose of all or any part of its property.

20 18 6. Purchase, receive, subscribe for, or otherwise acquire,  
20 19 own, hold, vote, use, sell, mortgage, lend, pledge, or  
20 20 otherwise dispose of, and deal in and with, shares or other  
20 21 interests in, or obligations of, any entity.

20 22 7. Make contracts and guarantees, incur liabilities,  
20 23 borrow money, issue notes, bonds, and other obligations, and  
20 24 secure any of its obligations by mortgage or pledge of any of  
20 25 its property, franchises, or income.

20 26 8. Lend money, invest and reinvest its funds, and receive  
20 27 and hold real and personal property as security for repayment,  
20 28 except as limited by section 504A.833.

20 29 9. Be a promoter, partner, member, associate, or manager  
20 30 of any partnership, joint venture, trust, or other entity.

20 31 10. Conduct its activities, locate offices, and exercise  
20 32 the powers granted by this chapter in or out of this state.

20 33 11. Elect or appoint directors, officers, employees, and  
20 34 agents of the corporation, define their duties, and fix their  
20 35 compensation.

21 1 12. Pay pensions and establish pension plans, pension  
21 2 trusts, and other benefit and incentive plans for any or all  
21 3 of its current or former directors, officers, employees, and  
21 4 agents.

21 5 13. Make donations not inconsistent with law for the

21 6 public welfare or for charitable, religious, scientific, or  
21 7 educational purposes and for other purposes that further the  
21 8 corporate interest.

21 9 14. Impose dues, assessments, and admission and transfer  
21 10 fees upon its members.

21 11 15. Establish conditions for admission of members, admit  
21 12 members, and issue memberships.

21 13 16. Carry on a business.

21 14 17. Do all things necessary or convenient, not  
21 15 inconsistent with law, to further the activities and affairs  
21 16 of the corporation.

21 17 Sec. 28. NEW SECTION. 504A.303 EMERGENCY POWERS.

21 18 1. In anticipation of or during an emergency as described  
21 19 in subsection 4, the board of directors of a corporation may  
21 20 do both of the following:

21 21 a. Modify lines of succession to accommodate the  
21 22 incapacity of any director, officer, employee, or agent.

21 23 b. Relocate the principal office, designate alternative  
21 24 principal offices or regional offices, or authorize an officer  
21 25 to do so.

21 26 2. During an emergency described in subsection 4, unless  
21 27 emergency bylaws provide otherwise, all of the following shall  
21 28 apply:

21 29 a. Notice of a meeting of the board of directors need be  
21 30 given only to those directors whom it is practicable to reach  
21 31 and such notice may be given in any practicable manner,  
21 32 including by publication and radio.

21 33 b. One or more officers of the corporation present at a  
21 34 meeting of the board of directors may be deemed to be  
21 35 directors for the meeting, in order of rank and within the  
22 1 same rank in order of seniority, as necessary to achieve a  
22 2 quorum.

22 3 3. Corporate action taken in good faith during an  
22 4 emergency under this section to further the ordinary affairs  
22 5 of the corporation does both of the following:

22 6 a. Binds the corporation.

22 7 b. Shall not be used to impose liability on a corporate  
22 8 director, officer, employee, or agent.

22 9 4. An emergency exists for purposes of this section if a  
22 10 quorum of the corporation's directors cannot readily be  
22 11 assembled because of some catastrophic event.

22 12 Sec. 29. NEW SECTION. 504A.304 ULTRA VIRES.

22 13 1. Except as provided in subsection 2, the validity of  
22 14 corporate action may not be challenged on the ground that the  
22 15 corporation lacks or lacked power to act.

22 16 2. A corporation's power to act may be challenged in a  
22 17 proceeding against the corporation to enjoin an act when a  
22 18 third party has not acquired rights. The proceeding may be  
22 19 brought by the attorney general, a director, or by a member or  
22 20 members in a derivative proceeding.

22 21 3. A corporation's power to act may be challenged in a  
22 22 proceeding against an incumbent or former director, officer,  
22 23 employee, or agent of the corporation. The proceeding may be  
22 24 brought by a director, the corporation, directly,  
22 25 derivatively, or through a receiver, a trustee or other legal  
22 26 representative, or in the case of a public benefit  
22 27 corporation, by the attorney general.

22 28 SUBCHAPTER IV

22 29 NAMES

22 30 Sec. 30. NEW SECTION. 504A.401 CORPORATE NAME.

22 31 1. A corporate name shall not contain language stating or  
22 32 implying that the corporation is organized for a purpose other  
22 33 than that permitted by section 504A.301 and its articles of  
22 34 incorporation.

22 35 2. Except as authorized by subsections 3 and 4, a  
23 1 corporate name must be distinguishable upon the records of the  
23 2 secretary of state from:

23 3 a. The corporate name of any other nonprofit or business  
23 4 corporation incorporated or authorized to do business in this  
23 5 state.

23 6 b. A corporate name reserved or registered under section  
23 7 490.402, 490.403, 504A.402, or 504A.403.

23 8 c. The fictitious name of a foreign business or nonprofit  
23 9 corporation authorized to transact business in this state  
23 10 because its real name is unavailable.

23 11 3. A corporation may apply to the secretary of state for  
23 12 authorization to use a name that is not distinguishable upon  
23 13 the secretary of state's records from one or more of the names  
23 14 described in subsection 2. The secretary of state shall  
23 15 authorize use of the name applied for if either of the  
23 16 following applies:

23 17 a. The other corporation consents to the use of the name  
23 18 in writing and submits an undertaking in a form satisfactory  
23 19 to the secretary of state to change its name to a name that is  
23 20 distinguishable upon the records of the secretary of state  
23 21 from the name of the applying corporation.

23 22 b. The applicant delivers to the secretary of state a  
23 23 certified copy of a final judgment from a court of competent  
23 24 jurisdiction establishing the applicant's right to use the  
23 25 name applied for in this state.

23 26 4. A corporation may use the name, including the  
23 27 fictitious name, of another domestic or foreign business or  
23 28 nonprofit corporation that is being used in this state if the  
23 29 other corporation is incorporated or authorized to do business  
23 30 in this state and the proposed user corporation submits  
23 31 documentation to the satisfaction of the secretary of state  
23 32 establishing any of the following conditions:

23 33 a. The user corporation has merged with the other  
23 34 corporation.

23 35 b. The user corporation has been formed by reorganization  
24 1 of the other corporation.

24 2 c. The user corporation has acquired all or substantially  
24 3 all of the assets, including the corporate name, of the other  
24 4 corporation.

24 5 5. This subchapter does not control the use of fictitious  
24 6 names; however, if a corporation or a foreign corporation uses  
24 7 a fictitious name in this state it shall deliver to the  
24 8 secretary of state for filing a copy of the resolution of its  
24 9 board of directors, certified by its secretary, adopting the  
24 10 fictitious name.

24 11 Sec. 31. NEW SECTION. 504A.402 RESERVED NAME.

24 12 1. A person may reserve the exclusive use of a corporate  
24 13 name, including a fictitious name for a foreign corporation  
24 14 whose corporate name is not available by delivering an  
24 15 application to the secretary of state for filing. Upon  
24 16 finding that the corporate name applied for is available, the  
24 17 secretary of state shall reserve the name for the applicant's  
24 18 exclusive use for a nonrenewable one hundred twenty-day  
24 19 period.

24 20 2. The owner of a reserved corporate name may transfer the  
24 21 reservation to another person by delivering to the secretary  
24 22 of state a signed notice of the transfer that states the name  
24 23 and address of the transferee.

24 24 Sec. 32. NEW SECTION. 504A.403 REGISTERED NAME.

24 25 1. A foreign corporation may register its corporate name,  
24 26 or its corporate name with any change required by section  
24 27 504A.1506, if the name is distinguishable upon the records of  
24 28 the secretary of state from both of the following:

24 29 a. The corporate name of a nonprofit or business  
24 30 corporation incorporated or authorized to do business in this  
24 31 state.

24 32 b. A corporate name reserved under section 490.402,  
24 33 490.403, or 504A.402, or registered under this section.

24 34 2. A foreign corporation shall register its corporate  
24 35 name, or its corporate name with any change required by  
25 1 section 504A.1506, by delivering to the secretary of state an  
25 2 application that does both of the following:

25 3 a. Sets forth its corporate name, or its corporate name  
25 4 with any change required by section 504A.1506, the state or  
25 5 country and date of its incorporation, and a brief description  
25 6 of the nature of the activities in which it is engaged.

25 7 b. Is accompanied by a certificate of existence, or a  
25 8 document of similar import, from the state or country of  
25 9 incorporation.

25 10 3. The name is registered for the applicant's exclusive  
25 11 use upon the effective date of the application.

25 12 4. A foreign corporation whose registration is effective  
25 13 may renew it for successive years by delivering to the  
25 14 secretary of state for filing a renewal application which  
25 15 complies with the requirements of subsection 2, between  
25 16 October 1 and December 31 of the preceding year. The renewal  
25 17 application renews the registration for the following calendar  
25 18 year.

25 19 5. A foreign corporation whose registration is effective  
25 20 may thereafter qualify as a foreign corporation under that  
25 21 name or consent in writing to the use of that name by a  
25 22 corporation thereafter incorporated under this chapter or by  
25 23 another foreign corporation thereafter authorized to transact  
25 24 business in this state. The registration terminates when the  
25 25 domestic corporation is incorporated or the foreign  
25 26 corporation qualifies or consents to the qualification of  
25 27 another foreign corporation under the registered name.

SUBCHAPTER V  
OFFICE AND AGENT

25 28  
25 29  
25 30 Sec. 33. NEW SECTION. 504A.501 REGISTERED OFFICE AND  
25 31 REGISTERED AGENT.

25 32 A corporation shall continuously maintain both of the  
25 33 following in this state:

25 34 1. A registered office with the same address as that of  
25 35 the registered agent.

26 1 2. A registered agent, who may be any of the following:

26 2 a. An individual who resides in this state and whose  
26 3 business office is identical with the registered office.

26 4 b. A domestic business or nonprofit corporation whose  
26 5 business office is identical to the registered office.

26 6 c. A foreign business or nonprofit corporation authorized  
26 7 to transact business in this state whose business office is  
26 8 identical to the registered office.

26 9 Sec. 34. NEW SECTION. 504A.502 CHANGE OF REGISTERED  
26 10 OFFICE OR REGISTERED AGENT.

26 11 1. A corporation may change its registered office or  
26 12 registered agent by delivering to the secretary of state for  
26 13 filing a statement of change that sets forth all of the  
26 14 following:

26 15 a. The name of the corporation.

26 16 b. If the current registered office is to be changed, the  
26 17 address of the new registered office.

26 18 c. If the current registered agent is to be changed, the  
26 19 name of the new registered agent and the new agent's written  
26 20 consent, either on the statement or attached to it, to the  
26 21 change.

26 22 d. That after the change or changes are made, the  
26 23 addresses of its registered office and the office of its  
26 24 registered agent will be identical.

26 25 2. If the address of a registered agent's business office  
26 26 is changed, the registered agent may change the address of the  
26 27 registered office of any corporation for which the registered  
26 28 agent is the registered agent by notifying the corporation in  
26 29 writing of the change and by signing, either manually or in  
26 30 facsimile, and delivering to the secretary of state for  
26 31 filing, a statement that complies with the requirements of  
26 32 subsection 1 and recites that the corporation has been  
26 33 notified of the change.

26 34 3. If a registered agent changes the registered agent's  
26 35 business address to another place, the registered agent may  
27 1 change the address of the registered office of any corporation  
27 2 for which the registered agent is the registered agent by  
27 3 filing a statement as required in subsection 2 for each  
27 4 corporation, or by filing a single statement for all  
27 5 corporations named in the notice, except that it need be  
27 6 signed, either manually or in facsimile, only once by the  
27 7 registered agent and must recite that a copy of the statement  
27 8 has been mailed to each corporation named in the notice.

27 9 Sec. 35. NEW SECTION. 504A.503 RESIGNATION OF REGISTERED  
27 10 AGENT.

27 11 1. A registered agent may resign as registered agent by  
27 12 signing and delivering to the secretary of state for filing a  
27 13 signed original statement of resignation. The statement may  
27 14 include a statement that the registered office is also  
27 15 discontinued.

27 16 The registered agent shall send a copy of the statement of  
27 17 resignation by certified mail to the corporation at its  
27 18 principal office and to the registered office, if not  
27 19 discontinued. The registered agent shall certify to the  
27 20 secretary of state that copies have been sent to the  
27 21 corporation, including the date the copies were sent.

27 22 2. The agency appointment is terminated, and the  
27 23 registered office discontinued if so provided, on the date the  
27 24 statement was filed.

27 25 Sec. 36. NEW SECTION. 504A.504 SERVICE ON CORPORATION.

27 26 1. A corporation's registered agent is the corporation's  
27 27 agent for service of process, notice, or demand required or  
27 28 permitted by law to be served on the corporation.

27 29 2. If a corporation has no registered agent, or the agent  
27 30 cannot with reasonable diligence be served, the corporation  
27 31 may be served by registered or certified mail, return receipt  
27 32 requested, addressed to the secretary of the corporation at  
27 33 its principal office shown in the most recent biennial report  
27 34 filed pursuant to section 504A.1613. Service is perfected  
27 35 under this subsection on the earliest of any of the following:

28 1 a. The date the corporation receives the mail.

28 2 b. The date shown on the return receipt, if signed on  
28 3 behalf of the corporation.

28 4 c. Five days after its deposit in the United States mail,  
28 5 if mailed and correctly addressed with first class postage  
28 6 affixed.  
28 7 3. This section does not prescribe the only means, or  
28 8 necessarily the required means, of serving a corporation. A  
28 9 corporation may also be served in any other manner permitted  
28 10 by law.

28 11 SUBCHAPTER VI  
28 12 MEMBERS AND MEMBERSHIPS  
28 13 PART 1

28 14 ADMISSION OF MEMBERS

28 15 Sec. 37. NEW SECTION. 504A.601 ADMISSION.

28 16 1. The articles or bylaws may establish criteria or  
28 17 procedures for admission of members.

28 18 2. A person shall not be admitted as a member without the  
28 19 person's consent or affirmative action evidencing consent.

28 20 Sec. 38. NEW SECTION. 504A.602 CONSIDERATION.

28 21 Except as provided in its articles or bylaws, a corporation  
28 22 may admit members for no consideration or for such  
28 23 consideration as is determined by the board.

28 24 Sec. 39. NEW SECTION. 504A.603 NO REQUIREMENT OF

28 25 MEMBERS.

28 26 A corporation is not required to have members.

28 27 PART 2

28 28 TYPES OF MEMBERSHIPS == MEMBERS' RIGHTS AND OBLIGATIONS

28 29 Sec. 40. NEW SECTION. 504A.611 DIFFERENCES IN RIGHTS AND  
28 30 OBLIGATIONS OF MEMBERS.

28 31 All members shall have the same rights and obligations with  
28 32 respect to voting, dissolution, redemption, and transfer,  
28 33 unless the articles or bylaws establish classes of membership  
28 34 with different rights or obligations. All members shall have  
28 35 the same rights and obligations with respect to any other  
29 1 matters, except as set forth in or authorized by the articles  
29 2 or bylaws. A person that has no voting rights and is  
29 3 identified as a member in the articles or bylaws of the  
29 4 corporation shall have only those rights set forth for members  
29 5 in the articles or bylaws of the corporation.

29 6 Sec. 41. NEW SECTION. 504A.612 TRANSFERS.

29 7 1. Except as set forth in or authorized by the articles or  
29 8 bylaws, a member of a mutual benefit corporation shall not  
29 9 transfer a membership or any right arising therefrom.

29 10 2. A member of a public benefit or religious corporation  
29 11 shall not transfer a membership or any right arising  
29 12 therefrom.

29 13 3. Where transfer rights have been provided, a restriction  
29 14 on them shall not be binding with respect to a member holding  
29 15 a membership issued prior to the adoption of the restriction  
29 16 unless the restriction is approved by the members and the  
29 17 affected member.

29 18 Sec. 42. NEW SECTION. 504A.613 MEMBER'S LIABILITY TO  
29 19 THIRD PARTIES.

29 20 A member of a corporation is not, as such, personally  
29 21 liable for the acts, debts, liabilities, or obligations of the  
29 22 corporation.

29 23 Sec. 43. NEW SECTION. 504A.614 MEMBER'S LIABILITY FOR  
29 24 DUES, ASSESSMENTS, AND FEES.

29 25 A member may become liable to the corporation for dues,  
29 26 assessments, or fees. However, an article or bylaw provision  
29 27 or a resolution adopted by the board authorizing or imposing  
29 28 dues, assessments, or fees does not, of itself, create  
29 29 liability.

29 30 Sec. 44. NEW SECTION. 504A.615 CREDITOR'S ACTION AGAINST  
29 31 MEMBER.

29 32 1. A proceeding shall not be brought by a creditor to  
29 33 reach the liability, if any, of a member to the corporation  
29 34 unless final judgment has been rendered in favor of the  
29 35 creditor against the corporation and execution has been  
30 1 returned unsatisfied in whole or in part or unless such  
30 2 proceeding would be useless.

30 3 2. All creditors of the corporation, with or without  
30 4 reducing their claims to judgment, may intervene in any  
30 5 creditor's proceeding brought under subsection 1 to reach and  
30 6 apply unpaid amounts due the corporation. Any or all members  
30 7 who owe amounts to the corporation may be joined in such  
30 8 proceeding.

30 9 PART 3

30 10 RESIGNATION AND TERMINATION

30 11 Sec. 45. NEW SECTION. 504A.621 RESIGNATION.

30 12 1. A member may resign at any time.

30 13 2. The resignation of a member does not relieve the member  
30 14 from any obligations the member may have to the corporation as

30 15 a result of obligations incurred or commitments made prior to  
30 16 resignation.

30 17 Sec. 46. NEW SECTION. 504A.622 TERMINATION, EXPULSION,  
30 18 OR SUSPENSION.

30 19 1. A member of a public benefit or mutual benefit  
30 20 corporation shall not be expelled or suspended, and a  
30 21 membership or memberships in such a corporation shall not be  
30 22 terminated or suspended except pursuant to a procedure which  
30 23 is fair and reasonable and is carried out in good faith.

30 24 2. A procedure is fair and reasonable when either of the  
30 25 following occurs:

30 26 a. The articles or bylaws set forth a procedure which  
30 27 provides both of the following:

30 28 (1) Not less than fifteen days' prior written notice of  
30 29 the expulsion, suspension, or termination and the reasons  
30 30 therefore.

30 31 (2) An opportunity for the member to be heard, orally or  
30 32 in writing, not less than five days before the effective date  
30 33 of the expulsion, suspension, or termination by a person or  
30 34 persons authorized to decide that the proposed expulsion,  
30 35 termination, or suspension not take place.

31 1 b. The procedure requires consideration of all relevant  
31 2 facts and circumstances surrounding the expulsion, suspension,  
31 3 or termination by a person or persons authorized to make a  
31 4 decision regarding the proposed expulsion, termination, or  
31 5 suspension.

31 6 3. Any written notice given by mail pursuant to this  
31 7 section must be given by first class or certified mail sent to  
31 8 the last address of the member shown on the corporation's  
31 9 records.

31 10 4. A proceeding challenging an expulsion, suspension, or  
31 11 termination, including a proceeding alleging defective notice,  
31 12 must be commenced within one year after the effective date of  
31 13 the expulsion, suspension, or termination.

31 14 5. A member who has been expelled or suspended may be  
31 15 liable to the corporation for dues, assessments, or fees as a  
31 16 result of obligations incurred or commitments made prior to  
31 17 expulsion or suspension.

31 18 Sec. 47. NEW SECTION. 504A.623 PURCHASE OF MEMBERSHIPS.

31 19 1. A public benefit or religious corporation shall not  
31 20 purchase any of its memberships or any right arising  
31 21 therefrom.

31 22 2. A mutual benefit corporation may purchase the  
31 23 membership of a member who resigns or whose membership is  
31 24 terminated for the amount and pursuant to the conditions set  
31 25 forth in or authorized by its articles or bylaws. A payment  
31 26 shall not be made in violation of subchapter 13.

#### 31 27 PART 4

#### 31 28 DERIVATIVE PROCEEDINGS

31 29 Sec. 48. NEW SECTION. 504A.631 DERIVATIVE PROCEEDINGS ==  
31 30 DEFINITION.

31 31 In this part, unless the context otherwise requires,  
31 32 "derivative proceeding" means a civil suit in the right of a  
31 33 domestic corporation or, to the extent provided in section  
31 34 504A.638, in the right of a foreign corporation.

31 35 Sec. 49. NEW SECTION. 504A.632 STANDING.

32 1 A member or director shall not commence or maintain a  
32 2 derivative proceeding unless the member or director satisfies  
32 3 both of the following:

32 4 1. Was a member or director of the corporation at the time  
32 5 of the act or omission complained of or became a member  
32 6 through transfer by operation of law from one who was a member  
32 7 at that time.

32 8 2. The member or director fairly and adequately represents  
32 9 the interests of the corporation in enforcing the rights of  
32 10 the corporation.

32 11 Sec. 50. NEW SECTION. 504A.633 DEMAND.

32 12 A member or director shall not commence a derivative  
32 13 proceeding until both of the following have occurred:

32 14 1. A written demand has been made upon the corporation to  
32 15 take suitable action.

32 16 2. Ninety days have expired from the date the demand was  
32 17 made, unless the member or director has earlier been notified  
32 18 that the demand has been rejected by the corporation or unless  
32 19 irreparable injury to the corporation would result by waiting  
32 20 for the expiration of the ninety-day period.

32 21 Sec. 51. NEW SECTION. 504A.634 STAY OF PROCEEDINGS.

32 22 If a corporation commences an inquiry into the allegations  
32 23 made in a demand or complaint, the court may stay any  
32 24 derivative proceeding for a period of time as the court deems  
32 25 appropriate.

32 26 Sec. 52. NEW SECTION. 504A.635 DISMISSAL.  
32 27 1. A derivative proceeding shall be dismissed by the court  
32 28 on motion by the corporation if one of the groups specified in  
32 29 subsection 2 or 6 has determined in good faith after  
32 30 conducting a reasonable inquiry upon which its conclusions are  
32 31 based that the maintenance of the derivative proceeding is not  
32 32 in the best interests of the corporation. A corporation  
32 33 moving to dismiss on this basis shall submit in support of the  
32 34 motion a short and concise statement of the reasons for its  
32 35 determination.

33 1 2. Unless a panel is appointed pursuant to subsection 6,  
33 2 the determination in subsection 1 shall be made by one of the  
33 3 following:

33 4 a. A majority vote of independent directors present at a  
33 5 meeting of the board of directors if the independent directors  
33 6 constitute a quorum.

33 7 b. A majority vote of a committee consisting of two or  
33 8 more independent directors appointed by majority vote of  
33 9 independent directors present at a meeting of the board of  
33 10 directors, whether or not such independent directors  
33 11 constitute a quorum.

33 12 3. None of the following shall by itself cause a director  
33 13 to be considered not independent for purposes of this section:

33 14 a. The nomination or election of the director by persons  
33 15 who are defendants in the derivative proceeding or against  
33 16 whom action is demanded.

33 17 b. The naming of the director as a defendant in the  
33 18 derivative proceeding or as a person against whom action is  
33 19 demanded.

33 20 c. The approval by the director of the act being  
33 21 challenged in the derivative proceeding or demand if the act  
33 22 resulted in no personal benefit to the director.

33 23 4. If a derivative proceeding is commenced after a  
33 24 determination has been made rejecting a demand by a member or  
33 25 director, the complaint shall allege with particularity facts  
33 26 establishing one of the following:

33 27 a. That a majority of the board of directors did not  
33 28 consist of independent directors at the time the determination  
33 29 was made.

33 30 b. That the requirements of subsection 1 have not been  
33 31 met.

33 32 All discovery and other proceedings shall be stayed during  
33 33 the pendency of any motion to dismiss unless the court finds  
33 34 upon the motion of any party that particularized discovery is  
33 35 necessary to preserve evidence or prevent undue prejudice to  
34 1 that party.

34 2 5. If a majority of the board of directors does not  
34 3 consist of independent directors at the time the determination  
34 4 is made, the corporation shall have the burden of proving that  
34 5 the requirements of subsection 1 have been met. If a majority  
34 6 of the board of directors consists of independent directors at  
34 7 the time the determination is made, the plaintiff shall have  
34 8 the burden of proving that the requirements of subsection 1  
34 9 have not been met.

34 10 6. The court may appoint a panel of one or more  
34 11 independent persons upon motion by the corporation to make a  
34 12 determination whether the maintenance of the derivative  
34 13 proceeding is in the best interests of the corporation. In  
34 14 such case, the plaintiff shall have the burden of proving that  
34 15 the requirements of subsection 1 have not been met.

34 16 Sec. 53. NEW SECTION. 504A.636 DISCONTINUANCE OR  
34 17 SETTLEMENT.

34 18 A derivative proceeding shall not be discontinued or  
34 19 settled without the court's approval. If the court determines  
34 20 that a proposed discontinuance or settlement will  
34 21 substantially affect the interests of a corporation's member  
34 22 or class of members or director, the court shall direct that  
34 23 notice be given to the members or director affected.

34 24 Sec. 54. NEW SECTION. 504A.637 PAYMENT OF EXPENSES.

34 25 On termination of a derivative proceeding, the court may do  
34 26 either of the following:

34 27 1. Order the corporation to pay the plaintiff's reasonable  
34 28 expenses, including attorney fees incurred in the proceeding,  
34 29 if it finds that the proceeding has resulted in a substantial  
34 30 benefit to the corporation.

34 31 2. Order the plaintiff to pay any defendant's reasonable  
34 32 expenses, including attorney fees incurred in defending the  
34 33 proceeding, if it finds that the proceeding was commenced or  
34 34 maintained without reasonable cause or for an improper  
34 35 purpose.

35 1 Sec. 55. NEW SECTION. 504A.638 APPLICABILITY TO FOREIGN

35 2 CORPORATIONS.

35 3 In any derivative proceeding in the right of a foreign  
35 4 corporation, the matters covered by this part shall be  
35 5 governed by the laws of the jurisdiction of incorporation of  
35 6 the foreign corporation except that sections 504A.634,  
35 7 504A.636, and 504A.637 shall apply.

35 8 PART 5  
35 9 DELEGATES

35 10 Sec. 56. NEW SECTION. 504A.641 DELEGATES.

35 11 1. A corporation may provide in its articles or bylaws for  
35 12 delegates having some or all of the authority of members.

35 13 2. The articles or bylaws may set forth provisions  
35 14 relating to all of the following:

35 15 a. The characteristics, qualifications, rights,  
35 16 limitations, and obligations of delegates including their  
35 17 selection and removal.

35 18 b. Calling, noticing, holding, and conducting meetings of  
35 19 delegates.

35 20 c. Carrying on corporate activities during and between  
35 21 meetings of delegates.

35 22 SUBCHAPTER VII  
35 23 MEMBERS' MEETINGS AND VOTING

35 24 PART 1  
35 25 MEETINGS AND ACTION WITHOUT MEETINGS

35 26 Sec. 57. NEW SECTION. 504A.701 ANNUAL AND REGULAR  
35 27 MEETINGS.

35 28 1. A corporation with members shall hold a membership  
35 29 meeting annually at a time stated in or fixed in accordance  
35 30 with the bylaws.

35 31 2. A corporation with members may hold regular membership  
35 32 meetings at the times stated in or fixed in accordance with  
35 33 the bylaws.

35 34 3. Annual or regular membership meetings may be held in or  
35 35 out of this state at the place stated in or fixed in  
36 1 accordance with the bylaws. If a place is not stated in or  
36 2 fixed in accordance with the bylaws, annual and regular  
36 3 meetings shall be held at the corporation's principal office.

36 4 4. At the annual meeting all of the following shall occur:

36 5 a. The president and chief financial officer shall report  
36 6 on the activities and financial condition of the corporation.

36 7 b. The members shall consider and act upon such other  
36 8 matters as may be raised consistent with the notice  
36 9 requirements of sections 504A.705 and 504A.713, subsection 4.

36 10 5. At regular meetings, the members shall consider and act  
36 11 upon such matters as may be raised consistent with the notice  
36 12 requirements of sections 504A.705 and 504A.713, subsection 4.

36 13 6. The failure to hold an annual or regular meeting at a  
36 14 time stated in or fixed in accordance with a corporation's  
36 15 bylaws does not affect the validity of any corporate action.

36 16 Sec. 58. NEW SECTION. 504A.702 SPECIAL MEETING.

36 17 1. A corporation with members shall hold a special meeting  
36 18 of members when either of the following occurs:

36 19 a. At the call of its board or the person or persons  
36 20 authorized to do so by the corporation's articles or bylaws.

36 21 b. Except as provided in the articles or bylaws of a  
36 22 religious corporation, if the holders of at least five percent  
36 23 of the voting power of any corporation sign, date, and deliver  
36 24 to any corporate officer one or more written demands for the  
36 25 meeting describing the purpose for which it is to be held.

36 26 Unless otherwise provided in the articles of incorporation, a  
36 27 written demand for a special meeting may be revoked by a  
36 28 writing to that effect received by the corporation prior to  
36 29 the receipt by the corporation of demands sufficient in number  
36 30 to require the holding of a special meeting.

36 31 2. The close of business on the thirtieth day before  
36 32 delivery of the demand for a special meeting to any corporate  
36 33 officer is the record date for the purpose of determining  
36 34 whether the five percent requirement of subsection 1,  
36 35 paragraph "b", has been met.

37 1 3. If a notice for a special meeting demanded under  
37 2 subsection 1, paragraph "b", is not given pursuant to section  
37 3 504A.705 within thirty days after the date the written demand  
37 4 or demands are delivered to a corporate officer, regardless of  
37 5 the requirements of subsection 4, a person signing the demand  
37 6 may set the time and place of the meeting and give notice  
37 7 pursuant to section 504A.705.

37 8 4. Special meetings of members may be held in or out of  
37 9 this state at a place stated in or fixed in accordance with  
37 10 the bylaws. If a place is not stated or fixed in accordance  
37 11 with the bylaws, special meetings shall be held at the  
37 12 corporation's principal office.

37 13 5. Only those matters that are within the purpose  
37 14 described in the meeting notice required by section 504A.705  
37 15 may be considered at a special meeting of members.

37 16 Sec. 59. NEW SECTION. 504A.703 COURT-ORDERED MEETING.

37 17 1. The district court of the county where a corporation's  
37 18 principal office is located or, if none is located in this  
37 19 state, where its registered office is located, may summarily  
37 20 order a meeting to be held when any of the following occurs:

37 21 a. On application of any member or other person entitled  
37 22 to participate in an annual or regular meeting of the  
37 23 corporation, and in the case of a public benefit corporation,  
37 24 the attorney general, if an annual meeting was not held within  
37 25 the earlier of six months after the end of the corporation's  
37 26 fiscal year or fifteen months after its last annual meeting.

37 27 b. On application of any member or other person entitled  
37 28 to participate in a regular meeting of the corporation, and in  
37 29 the case of a public benefit corporation, the attorney  
37 30 general, if a regular meeting was not held within forty days  
37 31 after the date it was required to be held.

37 32 c. On application of a member who signed a demand for a  
37 33 special meeting valid under section 504A.702, a person  
37 34 entitled to call a special meeting, and in the case of a  
37 35 public benefit corporation, the attorney general, if any of  
38 1 the following applies:

38 2 (1) The notice of the special meeting was not given within  
38 3 thirty days after the date the demand was delivered to a  
38 4 corporate officer.

38 5 (2) The special meeting was not held in accordance with  
38 6 the notice.

38 7 2. The court may fix the time and place of the meeting,  
38 8 specify a record date for determining members entitled to  
38 9 notice of and to vote at the meeting, prescribe the form and  
38 10 content of the meeting notice, fix the quorum required for  
38 11 specific matters to be considered at the meeting or direct  
38 12 that the votes represented at the meeting constitute a quorum  
38 13 for action on those matters, and enter other orders necessary  
38 14 to accomplish the purpose of the meeting.

38 15 3. If the court orders a meeting, it may also order the  
38 16 corporation to pay the member's costs, including reasonable  
38 17 attorney fees, incurred to obtain the order.

38 18 Sec. 60. NEW SECTION. 504A.704 ACTION BY WRITTEN  
38 19 CONSENT.

38 20 1. Unless limited or prohibited by the articles or bylaws  
38 21 of the corporation, action required or permitted by this  
38 22 subchapter to be approved by the members of a corporation may  
38 23 be approved without a meeting of members if the action is  
38 24 approved by members holding at least eighty percent of the  
38 25 voting power. The action must be evidenced by one or more  
38 26 written consents describing the action taken, signed by those  
38 27 members representing at least eighty percent of the voting  
38 28 power, and delivered to the corporation for inclusion in the  
38 29 minutes or filing with the corporate records. A written  
38 30 consent may be revoked by a writing to that effect received by  
38 31 the corporation prior to the receipt by the corporation of  
38 32 unrevoked written consents sufficient in number to take  
38 33 corporation action.

38 34 2. If not otherwise determined under section 504A.703 or  
38 35 504A.707, the record date for determining members entitled to  
39 1 take action without a meeting is the date the first member  
39 2 signs the consent under subsection 1.

39 3 3. A consent signed under this section has the effect of a  
39 4 meeting vote and may be described as such in any document  
39 5 filed with the secretary of state.

39 6 4. Written notice of member approval pursuant to this  
39 7 section shall be given to all members who have not signed the  
39 8 written consent. If written notice is required, member  
39 9 approval pursuant to this section shall be effective ten days  
39 10 after such written notice is given.

39 11 Sec. 61. NEW SECTION. 504A.705 NOTICE OF MEETING.

39 12 1. A corporation shall give notice consistent with its  
39 13 bylaws of meetings of members in a fair and reasonable manner.

39 14 2. Any notice which conforms to the requirements of  
39 15 subsection 3 is fair and reasonable, but other means of giving  
39 16 notice may also be fair and reasonable when all the  
39 17 circumstances are considered. However, notice of matters  
39 18 referred to in subsection 3, paragraph "b", must be given as  
39 19 provided in subsection 3.

39 20 3. Notice is fair and reasonable if all of the following  
39 21 occur:

39 22 a. The corporation notifies its members of the place,  
39 23 date, and time of each annual, regular, and special meeting of

39 24 members not more than sixty days and not less than ten days,  
39 25 or if notice is mailed by other than first class or registered  
39 26 mail, not less than thirty days, before the date of the  
39 27 meeting.

39 28 b. The notice of an annual or regular meeting includes a  
39 29 description of any matter or matters which must be considered  
39 30 for approval by the members under sections 504A.833, 504A.857,  
39 31 504A.1003, 504A.1022, 504A.1104, 504A.1202, 504A.1401, and  
39 32 504A.1402.

39 33 c. The notice of a special meeting includes a description  
39 34 of the purpose for which the meeting is called.

39 35 4. Unless the bylaws require otherwise, if an annual,  
40 1 regular, or special meeting of members is adjourned to a  
40 2 different date, time, or place, notice need not be given of  
40 3 the new date, time, or place, if the new date, time, or place  
40 4 is announced at the meeting before adjournment. If a new  
40 5 record date for the adjourned meeting is or must be fixed  
40 6 under section 504A.707, however, notice of the adjourned  
40 7 meeting must be given under this section to the members of  
40 8 record as of the new record date.

40 9 5. When giving notice of an annual, regular, or special  
40 10 meeting of members, a corporation shall give notice of a  
40 11 matter a member intends to raise at the meeting if requested  
40 12 in writing to do so by a person entitled to call a special  
40 13 meeting and if the request is received by the secretary or  
40 14 president of the corporation at least ten days before the  
40 15 corporation gives notice of the meeting.

40 16 Sec. 62. NEW SECTION. 504A.706 WAIVER OF NOTICE.

40 17 1. A member may waive any notice required by this  
40 18 subchapter, the articles, or bylaws before or after the date  
40 19 and time stated in the notice. The waiver must be in writing,  
40 20 be signed by the member entitled to the notice, and be  
40 21 delivered to the corporation for inclusion in the minutes or  
40 22 filing with the corporate records.

40 23 2. A member's attendance at a meeting does all of the  
40 24 following:

40 25 a. Waives objection to lack of notice or defective notice  
40 26 of the meeting, unless the member at the beginning of the  
40 27 meeting objects to holding the meeting or transacting business  
40 28 at the meeting.

40 29 b. Waives objection to consideration of a particular  
40 30 matter at the meeting that is not within the purpose described  
40 31 in the meeting notice, unless the member objects to  
40 32 considering the matter when it is presented.

40 33 Sec. 63. NEW SECTION. 504A.707 RECORD DATE ==  
40 34 DETERMINING MEMBERS ENTITLED TO NOTICE AND VOTE.

40 35 1. The bylaws of a corporation may fix or provide the  
41 1 manner of fixing a date as the record date for determining the  
41 2 members entitled to notice of a members' meeting. If the  
41 3 bylaws do not fix or provide for fixing such a record date,  
41 4 the board may fix a future date as such a record date. If a  
41 5 record date is not fixed, members at the close of business on  
41 6 the business day preceding the day on which notice is given,  
41 7 or if notice is waived, at the close of business on the  
41 8 business day preceding the day on which the meeting is held  
41 9 are entitled to notice of the meeting.

41 10 2. The bylaws of a corporation may fix or provide the  
41 11 manner of fixing a date as the record date for determining the  
41 12 members entitled to vote at a members' meeting. If the bylaws  
41 13 do not fix or provide for fixing such a record date, the board  
41 14 may fix a future date as such a record date. If a record date  
41 15 is not fixed, members on the date of the meeting who are  
41 16 otherwise eligible to vote are entitled to vote at the  
41 17 meeting.

41 18 3. The bylaws may fix or provide the manner for  
41 19 determining a date as the record date for the purpose of  
41 20 determining the members entitled to exercise any rights in  
41 21 respect of any other lawful action. If the bylaws do not fix  
41 22 or provide for fixing such a record date, the board may fix in  
41 23 advance such a record date. If a record date is not fixed,  
41 24 members at the close of business on the day on which the board  
41 25 adopts the resolution relating thereto, or the sixtieth day  
41 26 prior to the date of such other action, whichever is later,  
41 27 are entitled to exercise such rights.

41 28 4. A record date fixed under this section shall not be  
41 29 more than seventy days before the meeting or action requiring  
41 30 a determination of members occurs.

41 31 5. A determination of members entitled to notice of or to  
41 32 vote at a membership meeting is effective for any adjournment  
41 33 of the meeting unless the board fixes a new date for  
41 34 determining the right to notice or the right to vote, which it

41 35 must do if the meeting is adjourned to a date more than  
42 1 seventy days after the record date for determining members  
42 2 entitled to notice of the original meeting.  
42 3 6. If a court orders a meeting adjourned to a date more  
42 4 than one hundred twenty days after the date fixed for the  
42 5 original meeting, it may provide that the original record date  
42 6 for notice or voting continues in effect or it may fix a new  
42 7 record date for notice or voting.  
42 8 Sec. 64. NEW SECTION. 504A.708 ACTION BY WRITTEN BALLOT.  
42 9 1. Unless prohibited or limited by the articles or bylaws,  
42 10 any action which may be taken at any annual, regular, or  
42 11 special meeting of members may be taken without a meeting if  
42 12 the corporation delivers a written ballot to every member  
42 13 entitled to vote on the matter.  
42 14 2. A written ballot shall do both of the following:  
42 15 a. Set forth each proposed action.  
42 16 b. Provide an opportunity to vote for or against each  
42 17 proposed action.  
42 18 3. Approval by written ballot pursuant to this section  
42 19 shall be valid only when the number of votes cast by ballot  
42 20 equals or exceeds the quorum required to be present at a  
42 21 meeting authorizing the action, and the number of approvals  
42 22 equals or exceeds the number of votes that would be required  
42 23 to approve the matter at a meeting at which the total number  
42 24 of votes cast was the same as the number of votes cast by  
42 25 ballot.  
42 26 4. All solicitations for votes by written ballot shall do  
42 27 all of the following:  
42 28 a. Indicate the number of responses needed to meet the  
42 29 quorum requirements.  
42 30 b. State the percentage of approvals necessary to approve  
42 31 each matter other than election of directors.  
42 32 c. Specify the time by which a ballot must be received by  
42 33 the corporation in order to be counted.  
42 34 5. Except as otherwise provided in the articles or bylaws,  
42 35 a written ballot shall not be revoked.

43 1 PART 2  
43 2 VOTING  
43 3 Sec. 65. NEW SECTION. 504A.711 MEMBERS' LIST FOR  
43 4 MEETING.

43 5 1. After fixing a record date for a notice of a meeting, a  
43 6 corporation shall prepare an alphabetical list of the names of  
43 7 all its members who are entitled to notice of the meeting.  
43 8 The list must show the address of each member and number of  
43 9 votes each member is entitled to cast at the meeting. The  
43 10 corporation shall prepare on a current basis through the time  
43 11 of the membership meeting a list of members, if any, who are  
43 12 entitled to vote at the meeting, but not entitled to notice of  
43 13 the meeting. This list shall be prepared on the same basis as  
43 14 and be part of the list of members.  
43 15 2. The list of members must be available for inspection by  
43 16 any member for the purpose of communication with other members  
43 17 concerning the meeting, beginning two business days after  
43 18 notice is given of the meeting for which the list was prepared  
43 19 and continuing through the meeting, at the corporation's  
43 20 principal office or at a reasonable place identified in the  
43 21 meeting notice in the city where the meeting will be held. A  
43 22 member, a member's agent, or a member's attorney is entitled  
43 23 on written demand to inspect and, subject to the limitations  
43 24 of section 504A.1602, subsection 3, and section 504A.1605, to  
43 25 copy the list, at a reasonable time and at the member's  
43 26 expense, during the period it is available for inspection.  
43 27 3. A corporation shall make the list of members available  
43 28 at the meeting, and any member, a member's agent, or a  
43 29 member's attorney is entitled to inspect the list at any time  
43 30 during the meeting or any adjournment.  
43 31 4. If a corporation refuses to allow a member, a member's  
43 32 agent, or a member's attorney to inspect the list of members  
43 33 before or at the meeting or copy the list as permitted by  
43 34 subsection 2, the district court of the county where a  
43 35 corporation's principal office is located or, if none is  
44 1 located in this state, where its registered office is located,  
44 2 on application of the member, may summarily order the  
44 3 inspection or copying of the membership list at the  
44 4 corporation's expense, may postpone the meeting for which the  
44 5 list was prepared until the inspection or copying is complete,  
44 6 and may order the corporation to pay the member's costs,  
44 7 including reasonable attorney fees incurred to obtain the  
44 8 order.  
44 9 5. Unless a written demand to inspect and copy a  
44 10 membership list has been made under subsection 2 prior to the

44 11 membership meeting and a corporation improperly refuses to  
44 12 comply with the demand, refusal or failure to comply with this  
44 13 section does not affect the validity of action taken at the  
44 14 meeting.

44 15 6. The articles or bylaws of a religious corporation may  
44 16 limit or abolish the rights of a member under this section to  
44 17 inspect and copy any corporate record.

44 18 Sec. 66. NEW SECTION. 504A.712 VOTING ENTITLEMENT  
44 19 GENERALLY.

44 20 1. The right of the members of a corporation, or any class  
44 21 or classes of members, to vote may be limited, enlarged, or  
44 22 denied to the extent specified in the articles of  
44 23 incorporation or, if the articles of incorporation so provide,  
44 24 by the bylaws. Unless so limited, enlarged, or denied, each  
44 25 member, regardless of class, shall be entitled to one vote on  
44 26 each matter submitted to a vote of members.

44 27 2. Unless the articles or bylaws provide otherwise, if a  
44 28 membership stands of record in the names of two or more  
44 29 persons, the persons' acts with respect to voting shall have  
44 30 the following effect:

44 31 a. If only one votes, such act binds all.

44 32 b. If more than one votes, the vote shall be divided on a  
44 33 pro rata basis.

44 34 Sec. 67. NEW SECTION. 504A.713 QUORUM REQUIREMENTS.

44 35 1. Unless this subchapter, or the articles or bylaws of a  
45 1 corporation provide for a higher or lower quorum, ten percent  
45 2 of the votes entitled to be cast on a matter must be  
45 3 represented at a meeting of members to constitute a quorum on  
45 4 that matter.

45 5 2. A bylaw amendment to decrease the quorum for any member  
45 6 action may be approved by the members or, unless prohibited by  
45 7 the bylaws, by the board.

45 8 3. A bylaw amendment to increase the quorum required for  
45 9 any member action must be approved by the members.

45 10 4. Unless one-third or more of the voting power is present  
45 11 in person or by proxy, the only matters that may be voted upon  
45 12 at an annual or regular meeting of members are those matters  
45 13 that are described in the meeting notice.

45 14 Sec. 68. NEW SECTION. 504A.714 VOTING REQUIREMENTS.

45 15 1. Unless this subchapter, or the articles or bylaws of a  
45 16 corporation require a greater vote or voting by class, if a  
45 17 quorum is present, the affirmative vote of the votes  
45 18 represented and voting, which affirmative votes also  
45 19 constitute a majority of the required quorum, is the act of  
45 20 the members.

45 21 2. A bylaw amendment to increase or decrease the vote  
45 22 required for any member action must be approved by the  
45 23 members.

45 24 Sec. 69. NEW SECTION. 504A.715 PROXIES.

45 25 1. Unless the articles or bylaws of a corporation prohibit  
45 26 or limit proxy voting, a member or the member's agent or  
45 27 attorney in fact may appoint a proxy to vote or otherwise act  
45 28 for the member by signing an appointment form or by an  
45 29 electronic transmission. An electronic transmission must  
45 30 contain or be accompanied by information from which it can be  
45 31 determined that the member, the member's agent, or the  
45 32 member's attorney in fact authorized the electronic  
45 33 transmission.

45 34 2. An appointment of a proxy is effective when a signed  
45 35 appointment form or an electronic transmission of an  
46 1 appointment form is received by the secretary or other officer  
46 2 or agent authorized to tabulate votes. An appointment is  
46 3 valid for eleven months unless a different period is expressly  
46 4 provided for in the appointment. However, a proxy shall not  
46 5 be valid for more than three years from its date of execution.

46 6 3. An appointment of a proxy is revocable by the member.

46 7 4. The death or incapacity of the member appointing a  
46 8 proxy does not affect the right of the corporation to accept  
46 9 the proxy's authority unless notice of the death or incapacity  
46 10 is received by the secretary or other officer or agent  
46 11 authorized to tabulate votes before the proxy exercises  
46 12 authority under the appointment.

46 13 5. Appointment of a proxy is revoked by the person  
46 14 appointing the proxy if either of the following occurs:

46 15 a. The person appointing the proxy attends any meeting and  
46 16 votes in person.

46 17 b. The person appointing the proxy signs and delivers or  
46 18 sends through electronic transmission to the secretary or  
46 19 other officer or agent authorized to tabulate proxy votes  
46 20 either a writing or electronic transmission stating that the  
46 21 appointment of the proxy is revoked or a subsequent

46 22 appointment.

46 23 6. Subject to section 504A.718 and any express limitation  
46 24 on the proxy's authority appearing on the face of the  
46 25 appointment form, a corporation is entitled to accept the  
46 26 proxy's vote or other action as that of the member making the  
46 27 appointment.

46 28 Sec. 70. NEW SECTION. 504A.716 CUMULATIVE VOTING FOR  
46 29 DIRECTORS.

46 30 1. If the articles or bylaws of a corporation provide for  
46 31 cumulative voting by members, members may so vote, by  
46 32 multiplying the number of votes the members are entitled to  
46 33 cast by the number of directors for whom they are entitled to  
46 34 vote, and casting the product for a single candidate or  
46 35 distributing the product among two or more candidates.

47 1 2. A director elected by cumulative voting may be removed  
47 2 by the members without cause if the requirements of section  
47 3 504A.808 are met unless the votes cast against removal, or not  
47 4 consenting in writing to such removal, would be sufficient to  
47 5 elect such director if voted cumulatively at an election at  
47 6 which the same total number of votes were cast or, if such  
47 7 action is taken by written ballot, all memberships entitled to  
47 8 vote were voted, and the entire number of directors authorized  
47 9 at the time of the director's most recent election were then  
47 10 being elected.

47 11 3. Members shall not cumulatively vote if the directors  
47 12 and members are identical.

47 13 Sec. 71. NEW SECTION. 504A.717 OTHER METHODS OF ELECTING  
47 14 DIRECTORS.

47 15 A corporation may provide in its articles or bylaws for  
47 16 election of directors by members or delegates on the basis of  
47 17 chapter or other organizational unit, by region or other  
47 18 geographic unit, by preferential voting, or by any other  
47 19 reasonable method.

47 20 Sec. 72. NEW SECTION. 504A.718 CORPORATION'S ACCEPTANCE  
47 21 OF VOTES.

47 22 1. If the name signed on a vote, consent, waiver, or proxy  
47 23 appointment corresponds to the name of a member, the  
47 24 corporation if acting in good faith is entitled to accept the  
47 25 vote, consent, waiver, or proxy appointment and give it effect  
47 26 as the act of the member.

47 27 2. If the name signed on a vote, consent, waiver, or proxy  
47 28 appointment does not correspond to the record name of a  
47 29 member, the corporation if acting in good faith is  
47 30 nevertheless entitled to accept the vote, consent, waiver, or  
47 31 proxy appointment and give it effect as the act of the member  
47 32 if any of the following is applicable:

47 33 a. The member is an entity and the name signed purports to  
47 34 be that of an officer or agent of the entity.

47 35 b. The name signed purports to be that of an attorney in  
48 1 fact of the member and if the corporation requests, evidence  
48 2 acceptable to the corporation of the signatory's authority to  
48 3 sign for the member has been presented with respect to the  
48 4 vote, consent, waiver, or proxy appointment.

48 5 c. Two or more persons hold the membership as cotenants or  
48 6 fiduciaries and the name signed purports to be the name of at  
48 7 least one of the coholders and the person signing appears to  
48 8 be acting on behalf of all the coholders.

48 9 d. In the case of a mutual benefit corporation:

48 10 (1) The name signed purports to be that of an  
48 11 administrator, executor, guardian, or conservator representing  
48 12 the member and, if the corporation requests, evidence of  
48 13 fiduciary status acceptable to the corporation has been  
48 14 presented with respect to the vote, consent, waiver, or proxy  
48 15 appointment.

48 16 (2) The name signed purports to be that of a receiver or  
48 17 trustee in bankruptcy of the member, and, if the corporation  
48 18 requests, evidence of this status acceptable to the  
48 19 corporation has been presented with respect to the vote,  
48 20 consent, waiver, or proxy appointment.

48 21 3. The corporation is entitled to reject a vote, consent,  
48 22 waiver, or proxy appointment if the secretary or other officer  
48 23 or agent authorized to tabulate votes, acting in good faith,  
48 24 has reasonable basis for doubt about the validity of the  
48 25 signature on it or about the signatory's authority to sign for  
48 26 the member.

48 27 4. The corporation and its officer or agent who accepts or  
48 28 rejects a vote, consent, waiver, or proxy appointment in good  
48 29 faith and in accordance with the standards of this section are  
48 30 not liable in damages to the member for the consequences of  
48 31 the acceptance or rejection.

48 32 5. Corporate action based on the acceptance or rejection

48 33 of a vote, consent, waiver, or proxy appointment under this  
48 34 section is valid unless a court of competent jurisdiction  
48 35 determines otherwise.

PART 3

VOTING AGREEMENTS

49 3 Sec. 73. NEW SECTION. 504A.721 VOTING AGREEMENTS.

49 4 1. Two or more members of a corporation may provide for  
49 5 the manner in which they will vote by signing an agreement for  
49 6 that purpose. For public benefit corporations, such  
49 7 agreements must have a reasonable purpose not inconsistent  
49 8 with the corporation's public or charitable purposes.

49 9 2. A voting agreement created under this section is  
49 10 specifically enforceable.

SUBCHAPTER VIII

DIRECTORS AND OFFICERS

PART 1

BOARD OF DIRECTORS

49 15 Sec. 74. NEW SECTION. 504A.801 REQUIREMENT FOR AND  
49 16 DUTIES OF BOARD.

49 17 1. Each corporation must have a board of directors.

49 18 2. Except as otherwise provided in this subchapter or  
49 19 subsection 3, all corporate powers shall be exercised by or  
49 20 under the authority of, and the affairs of the corporation  
49 21 managed under the direction of, its board.

49 22 3. The articles of incorporation may authorize a person or  
49 23 persons to exercise some or all of the powers which would  
49 24 otherwise be exercised by a board. To the extent so  
49 25 authorized, any such person or persons shall have the duties  
49 26 and responsibilities of the directors, and the directors shall  
49 27 be relieved to that extent from such duties and  
49 28 responsibilities.

49 29 Sec. 75. NEW SECTION. 504A.802 QUALIFICATIONS OF  
49 30 DIRECTORS.

49 31 All directors of a corporation must be individuals. The  
49 32 articles or bylaws may prescribe other qualifications for  
49 33 directors.

49 34 Sec. 76. NEW SECTION. 504A.803 NUMBER OF DIRECTORS.

49 35 1. The board of directors of a corporation must consist of  
50 1 one or more individuals, with the number specified in or fixed  
50 2 in accordance with the articles or bylaws.

50 3 2. The number of directors may be increased or decreased  
50 4 from time to time by amendment to or in the manner prescribed  
50 5 in the articles or bylaws.

50 6 Sec. 77. NEW SECTION. 504A.804 ELECTION, DESIGNATION,  
50 7 AND APPOINTMENT OF DIRECTORS.

50 8 1. If the corporation has members, all the directors,  
50 9 except the initial directors, shall be elected at the first  
50 10 annual meeting of members, and at each annual meeting  
50 11 thereafter, unless the articles or bylaws provide some other  
50 12 time or method of election, or provide that some of the  
50 13 directors are appointed by some other person or designated.

50 14 2. If a corporation does not have members, all the  
50 15 directors, except the initial directors, shall be elected,  
50 16 appointed, or designated as provided in the articles or  
50 17 bylaws. If no method of designation or appointment is set  
50 18 forth in the articles or bylaws, the directors other than the  
50 19 initial directors shall be elected by the board.

50 20 Sec. 78. NEW SECTION. 504A.805 TERMS OF DIRECTORS  
50 21 GENERALLY.

50 22 1. The articles or bylaws of a corporation must specify  
50 23 the terms of directors. Except for designated or appointed  
50 24 directors, and except as otherwise provided in the articles or  
50 25 bylaws, the terms of directors shall not exceed five years.  
50 26 In the absence of any term specified in the articles or  
50 27 bylaws, the term of each director shall be one year.  
50 28 Directors may be elected for successive terms.

50 29 2. A decrease in the number or term of directors does not  
50 30 shorten an incumbent director's term.

50 31 3. Except as provided in the articles or bylaws, both of  
50 32 the following apply:

50 33 a. The term of a director filling a vacancy in the office  
50 34 of a director elected by members expires at the next election  
50 35 of directors by members.

51 1 b. The term of a director filling any other vacancy  
51 2 expires at the end of the unexpired term which such director  
51 3 is filling.

51 4 4. Despite the expiration of a director's term, the  
51 5 director continues to serve until the director's successor is  
51 6 elected, designated, or appointed, and qualifies, or until  
51 7 there is a decrease in the number of directors.

51 8 Sec. 79. NEW SECTION. 504A.806 STAGGERED TERMS FOR

51 9 DIRECTORS.

51 10 The articles or bylaws of a corporation may provide for  
51 11 staggering the terms of directors by dividing the total number  
51 12 of directors into groups. The terms of the several groups  
51 13 need not be uniform.

51 14 Sec. 80. NEW SECTION. 504A.807 RESIGNATION OF DIRECTORS.

51 15 1. A director of a corporation may resign at any time by  
51 16 delivering written notice to the board of directors, its  
51 17 presiding officer, or the president or secretary.

51 18 2. A resignation is effective when the notice is effective  
51 19 unless the notice specifies a later effective date. If a  
51 20 resignation is made effective at a later date, the board may  
51 21 fill the pending vacancy before the effective date if the  
51 22 board provides that the successor does not take office until  
51 23 the effective date.

51 24 Sec. 81. NEW SECTION. 504A.808 REMOVAL OF DIRECTORS  
51 25 ELECTED BY MEMBERS OR DIRECTORS.

51 26 1. The members of a corporation may remove one or more  
51 27 directors elected by the members without cause.

51 28 2. If a director is elected by a class, chapter, or other  
51 29 organizational unit or by region or other geographic grouping,  
51 30 the director may be removed only by the members of that class,  
51 31 chapter, unit, or grouping.

51 32 3. Except as provided in subsection 9, a director may be  
51 33 removed under subsection 1 or 2 only if the number of votes  
51 34 cast to remove the director would be sufficient to elect the  
51 35 director at a meeting to elect directors.

52 1 4. If cumulative voting is authorized, a director shall  
52 2 not be removed if the number of votes, or if the director was  
52 3 elected by a class, chapter, unit, or grouping of members, the  
52 4 number of votes of that class, chapter, unit, or grouping,  
52 5 sufficient to elect the director under cumulative voting, is  
52 6 voted against the director's removal.

52 7 5. A director elected by members may be removed by the  
52 8 members only at a meeting called for the purpose of removing  
52 9 the director and the meeting notice must state that the  
52 10 purpose, or one of the purposes, of the meeting is the removal  
52 11 of the director.

52 12 6. For the purpose of computing whether a director is  
52 13 protected from removal under subsections 2 through 4, it  
52 14 should be assumed that the votes against removal are cast in  
52 15 an election for the number of directors of the group to which  
52 16 the director to be removed belonged on the date of that  
52 17 director's election.

52 18 7. An entire board of directors may be removed under  
52 19 subsections 1 through 5.

52 20 8. A director elected by the board may be removed without  
52 21 cause by the vote of two-thirds of the directors then in  
52 22 office or such greater number as is set forth in the articles  
52 23 or bylaws. However, a director elected by the board to fill  
52 24 the vacancy of a director elected by the members may be  
52 25 removed without cause by the members, but not by the board.

52 26 9. If at the beginning of a director's term on the board  
52 27 the articles or bylaws provide that a director may be removed  
52 28 for missing a specified number of board meetings, the board  
52 29 may remove the director for failing to attend the specified  
52 30 number of meetings. The director may be removed only if a  
52 31 majority of the directors then in office votes for the  
52 32 removal.

52 33 10. The articles or bylaws of a religious corporation may  
52 34 do both of the following:

52 35 a. Limit the application of this section.

53 1 b. Set forth the vote and procedures by which the board or  
53 2 any person may remove with or without cause a director elected  
53 3 by the members or the board.

53 4 Sec. 82. NEW SECTION. 504A.809 REMOVAL OF DESIGNATED OR  
53 5 APPOINTED DIRECTORS.

53 6 1. A designated director of a corporation may be removed  
53 7 by an amendment to the articles or bylaws deleting or changing  
53 8 the designation.

53 9 2. a. Except as otherwise provided in the articles or  
53 10 bylaws, an appointed director may be removed without cause by  
53 11 the person appointing the director.

53 12 b. The person removing the appointed director shall do so  
53 13 by giving written notice of the removal to the director and  
53 14 either the presiding officer of the board or the corporation's  
53 15 president or secretary.

53 16 c. A removal of an appointed director is effective when  
53 17 the notice is effective unless the notice specifies a future  
53 18 effective date.

53 19 Sec. 83. NEW SECTION. 504A.810 REMOVAL OF DIRECTORS BY

53 20 JUDICIAL PROCEEDING.

53 21 1. The district court of the county where a corporation's  
53 22 principal office is located may remove any director of the  
53 23 corporation from office in a proceeding commenced either by  
53 24 the corporation, its members holding at least twenty percent  
53 25 of the voting power of any class, or the attorney general in  
53 26 the case of a public benefit corporation if the court finds  
53 27 both of the following:

53 28 a. The director engaged in fraudulent or dishonest conduct  
53 29 with respect to the corporation, or a final judgment has been  
53 30 entered finding that the director has violated a duty set  
53 31 forth in sections 504A.831 through 504A.835.

53 32 b. Removal is in the best interest of the corporation.

53 33 2. The court that removes a director may bar the director  
53 34 from serving on the board for a period prescribed by the  
53 35 court.

54 1 3. If members or the attorney general commence a  
54 2 proceeding under subsection 1, the corporation shall be made a  
54 3 party defendant.

54 4 4. If a public benefit corporation or its members commence  
54 5 a proceeding under subsection 1, they shall give the attorney  
54 6 general written notice of the proceeding.

54 7 5. The articles or bylaws of a religious corporation may  
54 8 limit or prohibit the application of this section.

54 9 Sec. 84. NEW SECTION. 504A.811 VACANCY ON BOARD.

54 10 1. Unless the articles or bylaws of a corporation provide  
54 11 otherwise, and except as provided in subsections 2 and 3, if a  
54 12 vacancy occurs on the board of directors, including a vacancy  
54 13 resulting from an increase in the number of directors, any of  
54 14 the following may occur:

54 15 a. The members, if any, may fill the vacancy. If the  
54 16 vacant office was held by a director elected by a class,  
54 17 chapter, or other organizational unit or by region or other  
54 18 geographic grouping, only members of the class, chapter, unit,  
54 19 or grouping are entitled to vote to fill the vacancy if it is  
54 20 filled by the members.

54 21 b. The board of directors may fill the vacancy.

54 22 c. If the directors remaining in office constitute fewer  
54 23 than a quorum of the board, they may fill the vacancy by the  
54 24 affirmative vote of a majority of all the directors remaining  
54 25 in office.

54 26 2. Unless the articles or bylaws provide otherwise, if a  
54 27 vacant office was held by an appointed director, only the  
54 28 person who appointed the director may fill the vacancy.

54 29 3. If a vacant office was held by a designated director,  
54 30 the vacancy shall be filled as provided in the articles or  
54 31 bylaws. In the absence of an applicable article or bylaw  
54 32 provision, the vacancy shall be filled by the board.

54 33 4. A vacancy that will occur at a specific later date by  
54 34 reason of a resignation effective at a later date under  
54 35 section 504A.807, subsection 2, or otherwise, may be filled  
55 1 before the vacancy occurs, but the new director shall not take  
55 2 office until the vacancy occurs.

55 3 Sec. 85. NEW SECTION. 504A.812 COMPENSATION OF  
55 4 DIRECTORS.

55 5 Unless the articles or bylaws of a corporation provide  
55 6 otherwise, a board of directors may fix the compensation of  
55 7 directors.

55 8 PART 2  
55 9 MEETINGS AND ACTION OF THE BOARD

55 10 Sec. 86. NEW SECTION. 504A.821 REGULAR AND SPECIAL  
55 11 MEETINGS.

55 12 1. If the time and place of a directors' meeting is fixed  
55 13 by the bylaws or the board, the meeting is a regular meeting.  
55 14 All other meetings are special meetings.

55 15 2. A board of directors may hold regular or special  
55 16 meetings in or out of this state.

55 17 3. Unless the articles or bylaws provide otherwise, a  
55 18 board may permit any or all directors to participate in a  
55 19 regular or special meeting by, or conduct the meeting through  
55 20 the use of, any means of communication by which all directors  
55 21 participating may simultaneously hear each other during the  
55 22 meeting. A director participating in a meeting by this means  
55 23 is deemed to be present in person at the meeting.

55 24 Sec. 87. NEW SECTION. 504A.822 ACTION WITHOUT MEETING.

55 25 1. Except to the extent the articles or bylaws of a  
55 26 corporation require that action by the board of directors be  
55 27 taken at a meeting, action required or permitted by this  
55 28 subchapter to be taken by the board of directors may be taken  
55 29 without a meeting if each director signs a consent describing  
55 30 the action to be taken, and delivers it to the corporation.

55 31 2. Action taken under this section is the act of the board  
55 32 of directors when one or more consents signed by all the  
55 33 directors are delivered to the corporation. The consent may  
55 34 specify the time at which the action taken is to be effective.  
55 35 A director's consent may be withdrawn by revocation signed by  
56 1 the director and delivered to the corporation prior to the  
56 2 delivery to the corporation of unrevoked written consents  
56 3 signed by all of the directors.

56 4 3. A consent signed under this section has the effect of  
56 5 action taken at a meeting of the board of directors and may be  
56 6 described as such in any document.

56 7 Sec. 88. NEW SECTION. 504A.823 CALL AND NOTICE OF  
56 8 MEETINGS.

56 9 1. Unless the articles or bylaws of a corporation, or  
56 10 subsection 3, provide otherwise, regular meetings of the board  
56 11 may be held without notice.

56 12 2. Unless the articles, bylaws, or subsection 3 provide  
56 13 otherwise, special meetings of the board must be preceded by  
56 14 at least two days' notice to each director of the date, time,  
56 15 and place, but not the purpose, of the meeting.

56 16 3. In corporations without members, any board action to  
56 17 remove a director or to approve a matter which would require  
56 18 approval by the members if the corporation had members shall  
56 19 not be valid unless each director is given at least seven  
56 20 days' written notice that the matter will be voted upon at a  
56 21 directors' meeting or unless notice is waived pursuant to  
56 22 section 504A.824.

56 23 4. Unless the articles or bylaws provide otherwise, the  
56 24 presiding officer of the board, the president, or twenty  
56 25 percent of the directors then in office may call and give  
56 26 notice of a meeting of the board.

56 27 Sec. 89. NEW SECTION. 504A.824 WAIVER OF NOTICE.

56 28 1. A director may at any time waive any notice required by  
56 29 this subchapter, the articles, or bylaws. Except as provided  
56 30 in subsection 2, the waiver must be in writing, signed by the  
56 31 director entitled to the notice, and filed with the minutes or  
56 32 the corporate records.

56 33 2. A director's attendance at or participation in a  
56 34 meeting waives any required notice of the meeting unless the  
56 35 director, upon arriving at the meeting or prior to the vote on  
57 1 a matter not noticed in conformity with this subchapter, the  
57 2 articles, or bylaws, objects to lack of notice and does not  
57 3 thereafter vote for or assent to the objected-to action.

57 4 Sec. 90. NEW SECTION. 504A.825 QUORUM AND VOTING.

57 5 1. Except as otherwise provided in this subchapter, or the  
57 6 articles or bylaws of a corporation, a quorum of a board of  
57 7 directors consists of a majority of the directors in office  
57 8 immediately before a meeting begins. The articles or bylaws  
57 9 shall not authorize a quorum of fewer than one-third of the  
57 10 number of directors in office.

57 11 2. If a quorum is present when a vote is taken, the  
57 12 affirmative vote of a majority of directors present is the act  
57 13 of the board unless this subchapter, the articles, or bylaws  
57 14 require the vote of a greater number of directors.

57 15 Sec. 91. NEW SECTION. 504A.826 COMMITTEES OF THE BOARD.

57 16 1. Unless prohibited or limited by the articles or bylaws  
57 17 of a corporation, the board of directors may create one or  
57 18 more committees of the board and appoint members of the board  
57 19 to serve on them. Each committee shall have two or more  
57 20 directors, who serve at the pleasure of the board.

57 21 2. The creation of a committee and appointment of members  
57 22 to it must be approved by the greater of either of the  
57 23 following:

57 24 a. A majority of all the directors in office when the  
57 25 action is taken.

57 26 b. The number of directors required by the articles or  
57 27 bylaws to take action under section 504A.825.

57 28 3. Sections 504A.821 through 504A.825, which govern  
57 29 meetings, action without meetings, notice and waiver of  
57 30 notice, and quorum and voting requirements of the board, apply  
57 31 to committees of the board and their members as well.

57 32 4. To the extent specified by the board of directors or in  
57 33 the articles or bylaws, each committee of the board may  
57 34 exercise the board's authority under section 504A.801.

57 35 5. A committee of the board shall not, however, do any of  
58 1 the following:

58 2 a. Authorize distributions.

58 3 b. Approve or recommend to members dissolution, merger, or  
58 4 the sale, pledge, or transfer of all or substantially all of  
58 5 the corporation's assets.

58 6 c. Elect, appoint, or remove directors or fill vacancies

58 7 on the board or on any of its committees.  
58 8 d. Adopt, amend, or repeal the articles or bylaws.  
58 9 6. The creation of, delegation of authority to, or action  
58 10 by a committee does not alone constitute compliance by a  
58 11 director with the standards of conduct described in section  
58 12 504A.831.

58 13 PART 3

58 14 STANDARDS OF CONDUCT

58 15 Sec. 92. NEW SECTION. 504A.831 GENERAL STANDARDS FOR  
58 16 DIRECTORS.

58 17 1. Each member of the board of directors of a corporation,  
58 18 when discharging the duties of a director, shall act in  
58 19 conformity with all of the following:

58 20 a. In good faith.

58 21 b. In a manner the director reasonably believes to be in  
58 22 the best interests of the corporation.

58 23 2. The members of the board of directors or a committee of  
58 24 the board, when becoming informed in connection with their  
58 25 decision-making functions, shall discharge their duties with  
58 26 the care that a person in a like position would reasonably  
58 27 believe appropriate under similar circumstances.

58 28 3. In discharging board or committee duties, a director  
58 29 who does not have knowledge that makes reliance unwarranted is  
58 30 entitled to rely on the performance by any of the persons  
58 31 specified in subsection 5, paragraph "a", to whom the board  
58 32 may have delegated, formally or informally by course of  
58 33 conduct, the authority or duty to perform one or more of the  
58 34 board's functions that are delegable under applicable law.

58 35 4. In discharging board or committee duties, a director is  
59 1 entitled to rely on information, opinions, reports, or  
59 2 statements, including financial statements and other financial  
59 3 data, if prepared or presented by any of the persons specified  
59 4 in subsection 5.

59 5 5. A director is entitled to rely, in accordance with  
59 6 subsection 3 or 4, on any of the following:

59 7 a. One or more officers or employees of the corporation  
59 8 whom the director reasonably believes to be reliable and  
59 9 competent in the functions performed or the information,  
59 10 opinions, reports, or statements provided by the officer or  
59 11 employee.

59 12 b. Legal counsel, public accountants, or other persons as  
59 13 to matters involving skills or expertise the director  
59 14 reasonably believes are either of the following:

59 15 (1) Matters within the particular person's professional or  
59 16 expert competence.

59 17 (2) Matters as to which the particular person merits  
59 18 confidence.

59 19 c. A committee of the board of which the director is not a  
59 20 member, as to matters within its jurisdiction, if the director  
59 21 reasonably believes the committee merits confidence.

59 22 d. In the case of religious corporations, religious  
59 23 authorities and ministers, priests, rabbis, or other persons  
59 24 whose position or duties in the religious organization the  
59 25 director believes justify reliance and confidence and whom the  
59 26 director believes to be reliable and competent in the matters  
59 27 presented.

59 28 6. A director shall not be deemed to be a trustee with  
59 29 respect to the corporation or with respect to any property  
59 30 held or administered by the corporation, including without  
59 31 limit, property that may be subject to restrictions imposed by  
59 32 the donor or transferor of such property.

59 33 Sec. 93. NEW SECTION. 504A.832 STANDARDS OF LIABILITY  
59 34 FOR DIRECTORS.

59 35 1. A director shall not be liable to the corporation or  
60 1 its members for any decision to take or not to take action, or  
60 2 any failure to take any action, as director, unless the party  
60 3 asserting liability in a proceeding establishes both of the  
60 4 following:

60 5 a. That section 504A.901 or the protection afforded by  
60 6 section 504A.831, if interposed as a bar to the proceeding by  
60 7 the director, does not preclude liability.

60 8 b. That the challenged conduct consisted or was the result  
60 9 of one of the following:

60 10 (1) Action not in good faith.

60 11 (2) A decision that satisfies one of the following:

60 12 (a) That the director did not reasonably believe to be in  
60 13 the best interests of the corporation.

60 14 (b) As to which the director was not informed to an extent  
60 15 the director reasonably believed appropriate in the  
60 16 circumstances.

60 17 (3) A lack of objectivity due to the director's familial,

60 18 financial, or business relationship with, or lack of  
60 19 independence due to the director's domination or control by,  
60 20 another person having a material interest in the challenged  
60 21 conduct which also meets both of the following criteria:

60 22 (a) Which relationship or which domination or control  
60 23 could reasonably be expected to have affected the director's  
60 24 judgment respecting the challenged conduct in a manner adverse  
60 25 to the corporation.

60 26 (b) After a reasonable expectation to such effect has been  
60 27 established, the director shall not have established that the  
60 28 challenged conduct was reasonably believed by the director to  
60 29 be in the best interests of the corporation.

60 30 (4) A sustained failure of the director to devote  
60 31 attention to ongoing oversight of the business and affairs of  
60 32 the corporation, or a failure to devote timely attention, by  
60 33 making, or causing to be made, appropriate inquiry, when  
60 34 particular facts and circumstances of significant concern  
60 35 materialize that would alert a reasonably attentive director  
61 1 to the need therefore.

61 2 (5) Receipt of a financial benefit to which the director  
61 3 was not entitled or any other breach of the director's duties  
61 4 to deal fairly with the corporation and its members that is  
61 5 actionable under applicable law.

61 6 2. a. The party seeking to hold the director liable for  
61 7 money damages shall also have the burden of establishing both  
61 8 of the following:

61 9 (1) That harm to the corporation or its members has been  
61 10 suffered.

61 11 (2) The harm suffered was proximately caused by the  
61 12 director's challenged conduct.

61 13 b. A party seeking to hold the director liable for other  
61 14 money payment under a legal remedy, such as compensation for  
61 15 the unauthorized use of corporate assets, shall also have  
61 16 whatever persuasion burden may be called for to establish that  
61 17 the payment sought is appropriate in the circumstances.

61 18 c. A party seeking to hold the director liable for other  
61 19 money payment under an equitable remedy, such as profit  
61 20 recovery by or disgorgement to the corporation, shall also  
61 21 have whatever persuasion burden may be called for to establish  
61 22 that the equitable remedy sought is appropriate in the  
61 23 circumstances.

61 24 3. This section shall not do any of the following:

61 25 a. In any instance where fairness is at issue, such as  
61 26 consideration of the fairness of a transaction to the  
61 27 corporation under section 504A.833, alter the burden of  
61 28 proving the fact or lack of fairness otherwise applicable.

61 29 b. Alter the fact or lack of liability of a director under  
61 30 another section of this chapter, such as the provisions  
61 31 governing the consequences of a transactional interest under  
61 32 section 504A.833 or an unlawful distribution under section  
61 33 504A.835.

61 34 c. Affect any rights to which the corporation or a  
61 35 shareholder may be entitled under another statute of this  
62 1 state or the United States.

62 2 Sec. 94. NEW SECTION. 504A.833 DIRECTOR CONFLICT OF  
62 3 INTEREST.

62 4 1. A conflict of interest transaction is a transaction  
62 5 with the corporation in which a director of the corporation  
62 6 has a direct or indirect interest. A conflict of interest  
62 7 transaction is not voidable by the corporation on the basis of  
62 8 the director's interest in the transaction if the transaction  
62 9 was fair at the time it was entered into or is approved as  
62 10 provided in subsection 2 or 3.

62 11 2. A transaction in which a director of a public benefit  
62 12 or religious corporation has a conflict of interest may be  
62 13 approved in either of the following ways:

62 14 a. In advance by the vote of the board of directors or a  
62 15 committee of the board if both of the following occur:

62 16 (1) The material facts of the transaction and the  
62 17 director's interest are disclosed or known to the board or  
62 18 committee of the board.

62 19 (2) The directors approving the transaction in good faith  
62 20 reasonably believe that the transaction is fair to the  
62 21 corporation.

62 22 b. Before or after the transaction is consummated by  
62 23 obtaining approval of either of the following:

62 24 (1) The attorney general.

62 25 (2) The district court in an action in which the attorney  
62 26 general is joined as a party.

62 27 3. A transaction in which a director of a mutual benefit  
62 28 corporation has a conflict of interest may be approved if

62 29 either of the following occurs:

62 30 a. The material facts of the transaction and the  
62 31 director's interest were disclosed or known to the board of  
62 32 directors or a committee of the board and the board or  
62 33 committee of the board authorized, approved, or ratified the  
62 34 transaction.

62 35 b. The material facts of the transaction and the  
63 1 director's interest were disclosed or known to the members and  
63 2 they authorized, approved, or ratified the transaction.

63 3 4. For the purposes of this section, a director of the  
63 4 corporation has an indirect interest in a transaction under  
63 5 either of the following circumstances:

63 6 a. If another entity in which the director has a material  
63 7 interest or in which the director is a general partner is a  
63 8 party to the transaction.

63 9 b. If another entity of which the director is a director,  
63 10 officer, or trustee is a party to the transaction.

63 11 5. For purposes of subsections 2 and 3, a conflict of  
63 12 interest transaction is authorized, approved, or ratified if  
63 13 it receives the affirmative vote of a majority of the  
63 14 directors on the board or on a committee of the board, who  
63 15 have no direct or indirect interest in the transaction, but a  
63 16 transaction shall not be authorized, approved, or ratified  
63 17 under this section by a single director. If a majority of the  
63 18 directors on the board who have no direct or indirect interest  
63 19 in the transaction vote to authorize, approve, or ratify the  
63 20 transaction, a quorum is present for the purpose of taking  
63 21 action under this section. The presence of, or a vote cast  
63 22 by, a director with a direct or indirect interest in the  
63 23 transaction does not affect the validity of any action taken  
63 24 under subsection 2, paragraph "a", or subsection 3, paragraph  
63 25 "a", if the transaction is otherwise approved as provided in  
63 26 subsection 2 or 3.

63 27 6. For purposes of subsection 3, paragraph "b", a conflict  
63 28 of interest transaction is authorized, approved, or ratified  
63 29 by the members if it receives a majority of the votes entitled  
63 30 to be counted under this subsection. Votes cast by or voted  
63 31 under the control of a director who has a direct or indirect  
63 32 interest in the transaction, and votes cast by or voted under  
63 33 the control of an entity described in subsection 4, paragraph  
63 34 "a", shall not be counted in a vote of members to determine  
63 35 whether to authorize, approve, or ratify a conflict of  
64 1 interest transaction under subsection 3, paragraph "b". The  
64 2 vote of these members, however, is counted in determining  
64 3 whether the transaction is approved under other sections of  
64 4 this subchapter. A majority of the voting power, whether or  
64 5 not present, that is entitled to be counted in a vote on the  
64 6 transaction under this subsection constitutes a quorum for the  
64 7 purpose of taking action under this section.

64 8 7. The articles, bylaws, or a resolution of the board may  
64 9 impose additional requirements on conflict of interest  
64 10 transactions.

64 11 Sec. 95. NEW SECTION. 504A.834 LOANS TO OR GUARANTEES  
64 12 FOR DIRECTORS AND OFFICERS.

64 13 1. A corporation shall not lend money to or guarantee the  
64 14 obligation of a director or officer of the corporation.

64 15 2. The fact that a loan or guarantee is made in violation  
64 16 of this section does not affect the borrower's liability on  
64 17 the loan.

64 18 Sec. 96. NEW SECTION. 504A.835 LIABILITY FOR UNLAWFUL  
64 19 DISTRIBUTIONS.

64 20 1. Unless a director complies with the applicable  
64 21 standards of conduct described in section 504A.831, a director  
64 22 who votes for or assents to a distribution made in violation  
64 23 of this subchapter is personally liable to the corporation for  
64 24 the amount of the distribution that exceeds what could have  
64 25 been distributed without violating this subchapter.

64 26 2. A director held liable for an unlawful distribution  
64 27 under subsection 1 is entitled to contribution from both of  
64 28 the following:

64 29 a. Every other director who voted for or assented to the  
64 30 distribution without complying with the applicable standards  
64 31 of conduct described in section 504A.831.

64 32 b. Each person who received an unlawful distribution for  
64 33 the amount of the distribution whether or not the person  
64 34 receiving the distribution knew it was made in violation of  
64 35 this subchapter.

65 1 PART 4  
65 2 OFFICERS

65 3 Sec. 97. NEW SECTION. 504A.841 REQUIRED OFFICERS.

65 4 1. Unless otherwise provided in the articles or bylaws of

65 5 a corporation, a corporation shall have a president, a  
65 6 secretary, a treasurer, and such other officers as are  
65 7 appointed by the board. An officer may appoint one or more  
65 8 officers if authorized by the bylaws or the board of  
65 9 directors.

65 10 2. The bylaws or the board shall delegate to one of the  
65 11 officers responsibility for preparing minutes of the  
65 12 directors' and members' meetings and for authenticating  
65 13 records of the corporation.

65 14 3. The same individual may simultaneously hold more than  
65 15 one office in a corporation.

65 16 Sec. 98. NEW SECTION. 504A.842 DUTIES AND AUTHORITY OF  
65 17 OFFICERS.

65 18 Each officer of a corporation has the authority and shall  
65 19 perform the duties set forth in the bylaws or, to the extent  
65 20 consistent with the bylaws, the duties and authority  
65 21 prescribed in a resolution of the board or by direction of an  
65 22 officer authorized by the board to prescribe the duties and  
65 23 authority of other officers.

65 24 Sec. 99. NEW SECTION. 504A.843 STANDARDS OF CONDUCT FOR  
65 25 OFFICERS.

65 26 1. An officer, when performing in such capacity, shall act  
65 27 in conformity with all of the following:

65 28 a. In good faith.

65 29 b. With the care that a person in a like position would  
65 30 reasonably exercise under similar circumstances.

65 31 c. In a manner the officer reasonably believes to be in  
65 32 the best interests of the corporation and its members, if any.

65 33 2. In discharging the officer's duties, an officer who  
65 34 does not have knowledge that makes reliance unwarranted, is  
65 35 entitled to rely on any of the following:

66 1 a. The performance of properly delegated responsibilities  
66 2 by one or more employees of the corporation whom the officer  
66 3 reasonably believes to be reliable and competent in performing  
66 4 the responsibilities delegated.

66 5 b. Information, opinions, reports, or statements,  
66 6 including financial statements and other financial data,  
66 7 prepared or presented by one or more officers or employees of  
66 8 the corporation whom the officer reasonably believes to be  
66 9 reliable and competent in the matters presented.

66 10 c. Legal counsel, public accountants, or other persons  
66 11 retained by the corporation as to matters involving the skills  
66 12 or expertise the officer reasonably believes are within the  
66 13 person's professional or expert competence, or as to which the  
66 14 particular person merits confidence.

66 15 d. In the case of religious corporations, religious  
66 16 authorities, and ministers, priests, rabbis, or other persons  
66 17 whose position or duties in the religious organization the  
66 18 officer believes justify reliance and confidence and whom the  
66 19 officer believes to be reliable and competent in the matters  
66 20 presented.

66 21 3. An officer shall not be liable as an officer to the  
66 22 corporation or its members for any decision to take or not to  
66 23 take action, or any failure to take any action, if the duties  
66 24 of the officer are performed in compliance with this section.  
66 25 Whether an officer who does not comply with this section shall  
66 26 have liability will depend in such instance on applicable law,  
66 27 including those principles of sections 504A.832 and 504A.901  
66 28 that have relevance.

66 29 Sec. 100. NEW SECTION. 504A.844 RESIGNATION AND REMOVAL  
66 30 OF OFFICERS.

66 31 1. An officer of a corporation may resign at any time by  
66 32 delivering notice to the corporation. A resignation is  
66 33 effective when the notice is effective unless the notice  
66 34 specifies a future effective time. If a resignation is made  
66 35 effective at a future time and the board or appointing officer  
67 1 accepts the future effective time, its board or appointing  
67 2 officer may fill the pending vacancy before the effective time  
67 3 if the board or appointing officer provides that the successor  
67 4 does not take office until the effective time.

67 5 2. An officer may be removed at any time with or without  
67 6 cause by any of the following:

67 7 a. The board of directors.

67 8 b. The officer who appointed such officer, unless the  
67 9 bylaws or the board of directors provide otherwise.

67 10 c. Any other officer if authorized by the bylaws or the  
67 11 board of directors.

67 12 d. In this section, "appointing officer" means the  
67 13 officer, including any successor to that officer, who  
67 14 appointed the officer resigning or being removed.

67 15 Sec. 101. NEW SECTION. 504A.845 CONTRACT RIGHTS OF

67 16 OFFICERS.

67 17 1. The appointment of an officer of a corporation does not  
67 18 itself create contract rights.

67 19 2. An officer's removal does not affect the officer's  
67 20 contract rights, if any, with the corporation. An officer's  
67 21 resignation does not affect the corporation's contract rights,  
67 22 if any, with the officer.

67 23 Sec. 102. NEW SECTION. 504A.846 OFFICERS' AUTHORITY TO  
67 24 EXECUTE DOCUMENTS.

67 25 1. A contract or other instrument in writing executed or  
67 26 entered into between a corporation and any other person is not  
67 27 invalidated as to the corporation by any lack of authority of  
67 28 the signing officers in the absence of actual knowledge on the  
67 29 part of the other person that the signing officers had no  
67 30 authority to execute the contract or other instrument if it is  
67 31 signed by any two officers in category 1 or by one officer in  
67 32 category 1 and one officer in category 2 as set out in  
67 33 subsection 2.

67 34 2. a. Category 1 officers include the presiding officer  
67 35 of the board and the president.

68 1 b. Category 2 officers include a vice president and the  
68 2 secretary, treasurer, and executive director.

68 3 PART 5  
68 4 INDEMNIFICATION

68 5 Sec. 103. NEW SECTION. 504A.851 DEFINITIONS.

68 6 As used in this part, unless the context otherwise  
68 7 requires:

68 8 1. "Corporation" includes any domestic or foreign  
68 9 predecessor entity of a corporation in a merger.

68 10 2. "Director" or "officer" means an individual who is or  
68 11 was a director or officer of a corporation or an individual  
68 12 who, while a director or officer of a corporation, is or was  
68 13 serving at the corporation's request as a director, officer,  
68 14 partner, trustee, employee, or agent of another foreign or  
68 15 domestic business or nonprofit corporation, partnership, joint  
68 16 venture, trust, employee benefit plan, or other entity. A  
68 17 "director" or "officer" is considered to be serving an  
68 18 employee benefit plan at the corporation's request if the  
68 19 director's or officer's duties to the corporation also impose  
68 20 duties on, or otherwise involve services by, the director or  
68 21 officer to the plan or to participants in or beneficiaries of  
68 22 the plan. "Director" or "officer" includes, unless the  
68 23 context otherwise requires, the estate or personal  
68 24 representative of a director or officer.

68 25 3. "Disinterested director" means a director who at the  
68 26 time of a vote referred to in section 504A.854, subsection 3,  
68 27 or a vote or selection referred to in section 504A.856,  
68 28 subsection 2 or 3, is not either of the following:

68 29 a. A party to the proceeding.

68 30 b. An individual having a familial, financial,  
68 31 professional, or employment relationship with the director  
68 32 whose indemnification or advance for expenses is the subject  
68 33 of the decision being made, which relationship would, in the  
68 34 circumstances, reasonably be expected to exert an influence on  
68 35 the director's judgment when voting on the decision being  
69 1 made.

69 2 4. "Expenses" includes attorney fees.

69 3 5. "Liability" means the obligation to pay a judgment,  
69 4 settlement, penalty, or fine including an excise tax assessed  
69 5 with respect to an employee benefit plan, or reasonable  
69 6 expenses actually incurred with respect to a proceeding.

69 7 6. "Official capacity" means either of the following:

69 8 a. When used with respect to a director, the office of  
69 9 director in a corporation.

69 10 b. When used with respect to an officer, as contemplated  
69 11 in section 504A.857, the office in a corporation held by the  
69 12 officer. "Official capacity" does not include service for any  
69 13 other foreign or domestic business or nonprofit corporation or  
69 14 any partnership joint venture, trust, employee benefit plan,  
69 15 or other entity.

69 16 7. "Party" means an individual who was, is, or is  
69 17 threatened to be made a defendant or respondent in a  
69 18 proceeding.

69 19 8. "Proceeding" means any threatened, pending, or  
69 20 completed action, suit, or proceeding whether civil, criminal,  
69 21 administrative, or investigative and whether formal or  
69 22 informal.

69 23 Sec. 104. NEW SECTION. 504A.852 PERMISSIBLE  
69 24 INDEMNIFICATION.

69 25 1. Except as otherwise provided in this section, a  
69 26 corporation may indemnify an individual who is a party to a

69 27 proceeding because the individual is a director, against  
69 28 liability incurred in the proceeding if all of the following  
69 29 apply:

69 30 a. The individual acted in good faith.

69 31 b. The individual reasonably believed either of the  
69 32 following:

69 33 (1) In the case of conduct in the individual's official  
69 34 capacity, that the individual's conduct was in the best  
69 35 interests of the corporation.

70 1 (2) In all other cases, that the individual's conduct was  
70 2 at least not opposed to the best interests of the corporation.

70 3 c. In the case of any criminal proceeding, the individual  
70 4 had no reasonable cause to believe the individual's conduct  
70 5 was unlawful.

70 6 d. The individual engaged in conduct for which broader  
70 7 indemnification has been made permissible or obligatory under  
70 8 a provision of the articles of incorporation as authorized by  
70 9 section 504A.202, subsection 2, paragraph "d".

70 10 2. A director's conduct with respect to an employee  
70 11 benefit plan for a purpose the director reasonably believed to  
70 12 be in the interests of the participants in and beneficiaries  
70 13 of the plan is conduct that satisfies the requirements of  
70 14 subsection 1, paragraph "b", subparagraph (2).

70 15 3. The termination of a proceeding by judgment, order,  
70 16 settlement, conviction, or upon a plea of nolo contendere or  
70 17 its equivalent is not, of itself, determinative that the  
70 18 director did not meet the relevant standard of conduct  
70 19 described in this section.

70 20 4. Unless ordered by a court under section 504A.855,  
70 21 subsection 1, paragraph "b", a corporation shall not indemnify  
70 22 a director under this section under either of the following  
70 23 circumstances:

70 24 a. In connection with a proceeding by or in the right of  
70 25 the corporation, except for reasonable expenses incurred in  
70 26 the relevant standard of conduct under subsection 1.

70 27 b. In connection with any proceeding with respect to  
70 28 conduct for which the director was adjudged liable on the  
70 29 basis that the director received a financial benefit to which  
70 30 the director was not entitled, whether or not involving action  
70 31 in the director's official capacity.

70 32 Sec. 105. NEW SECTION. 504A.853 MANDATORY  
70 33 INDEMNIFICATION.

70 34 A corporation shall indemnify a director who was wholly  
70 35 successful, on the merits or otherwise, in the defense of any  
71 1 proceeding to which the director was a party because the  
71 2 director is or was a director of the corporation against  
71 3 reasonable expenses actually incurred by the director in  
71 4 connection with the proceeding.

71 5 Sec. 106. NEW SECTION. 504A.854 ADVANCE FOR EXPENSES.

71 6 1. A corporation may, before final disposition of a  
71 7 proceeding, advance funds to pay for or reimburse the  
71 8 reasonable expenses incurred by a director who is a party to a  
71 9 proceeding because the person is a director if the person  
71 10 delivers all of the following to the corporation:

71 11 a. A written affirmation of the director's good faith  
71 12 belief that the director has met the relevant standard of  
71 13 conduct described in section 504A.852 or that the proceeding  
71 14 involved conduct for which liability has been eliminated under  
71 15 a provision of the articles of incorporation as authorized by  
71 16 section 504A.202, subsection 2, paragraph "d".

71 17 b. The director's written undertaking to repay any funds  
71 18 advanced if the director is not entitled to mandatory  
71 19 indemnification under section 504A.853 and it is ultimately  
71 20 determined under section 504A.855 or 504A.856 that the  
71 21 director has not met the relevant standard of conduct  
71 22 described in section 504A.852.

71 23 2. The undertaking required by subsection 1, paragraph  
71 24 "b", must be an unlimited general obligation of the director  
71 25 but need not be secured and may be accepted without reference  
71 26 to the financial ability of the director to make repayment.

71 27 3. Authorizations under this section shall be made  
71 28 according to one of the following:

71 29 a. By the board of directors as follows:

71 30 (1) If there are two or more disinterested directors, by a  
71 31 majority vote of all the disinterested directors, a majority  
71 32 of whom shall for such purpose constitute a quorum, or by a  
71 33 majority of the members of a committee of two or more  
71 34 disinterested directors appointed by such vote.

71 35 (2) If there are fewer than two disinterested directors,  
72 1 by the vote necessary for action by the board in accordance  
72 2 with section 504A.825, subsection 2, in which authorization

72 3 directors who do not qualify as disinterested directors may  
72 4 participate.

72 5 b. By the members, but the director who, at the time does  
72 6 not qualify as a disinterested director, may not vote as a  
72 7 member or on behalf of a member.

72 8 Sec. 107. NEW SECTION. 504A.855 COURT=ORDERED  
72 9 INDEMNIFICATION.

72 10 1. A director who is a party to a proceeding because the  
72 11 person is a director may apply for indemnification or an  
72 12 advance for expenses to the court conducting the proceeding or  
72 13 to another court of competent jurisdiction. After receipt of  
72 14 an application, and after giving any notice the court  
72 15 considers necessary, the court shall do one of the following:

72 16 a. Order indemnification if the court determines that the  
72 17 director is entitled to mandatory indemnification under  
72 18 section 504A.853.

72 19 b. Order indemnification or advance for expenses if the  
72 20 court determines that the director is entitled to  
72 21 indemnification or advance for expenses pursuant to a  
72 22 provision authorized by section 504A.859, subsection 1.

72 23 c. Order indemnification or advance for expenses if the  
72 24 court determines, in view of all the relevant circumstances,  
72 25 that it is fair and reasonable to do one of the following:

72 26 (1) To indemnify the director.

72 27 (2) To indemnify or advance expenses to the director, even  
72 28 if the director has not met the relevant standard of conduct  
72 29 set forth in section 504A.852, subsection 1, failed to comply  
72 30 with section 504A.854 or was adjudged liable in a proceeding  
72 31 referred to in section 504A.852, subsection 4, paragraph "a"  
72 32 or "b", but if the director was adjudged so liable the  
72 33 director's indemnification shall be limited to reasonable  
72 34 expenses incurred in connection with the proceeding.

72 35 2. If the court determines that the director is entitled  
73 1 to indemnification under subsection 1, paragraph "a", or to  
73 2 indemnification or advance for expenses under subsection 1,  
73 3 paragraph "b", it shall also order the corporation to pay the  
73 4 director's reasonable expenses incurred in connection with  
73 5 obtaining court=ordered indemnification or advance for  
73 6 expenses. If the court determines that the director is  
73 7 entitled to indemnification or advance for expenses under  
73 8 subsection 1, paragraph "c", it may also order the corporation  
73 9 to pay the director's reasonable expenses to obtain court=  
73 10 ordered indemnification or advance for expenses.

73 11 Sec. 108. NEW SECTION. 504A.856 DETERMINATION AND  
73 12 AUTHORIZATION OF INDEMNIFICATION.

73 13 1. A corporation shall not indemnify a director under  
73 14 section 504A.852 unless authorized for a specific proceeding  
73 15 after a determination has been made that indemnification of  
73 16 the director is permissible because the director has met the  
73 17 standard of conduct set forth in section 504A.852.

73 18 2. The determination shall be made by any of the  
73 19 following:

73 20 a. If there are two or more disinterested directors, by  
73 21 the board of directors by a majority vote of all the  
73 22 disinterested directors, a majority of whom shall for such  
73 23 purpose constitute a quorum, or by a majority of the members  
73 24 of a committee of two or more disinterested directors  
73 25 appointed by such vote.

73 26 b. By special legal counsel under one of the following  
73 27 circumstances:

73 28 (1) Selected in the manner prescribed in paragraph "a".

73 29 (2) If there are fewer than two disinterested directors  
73 30 selected by the board in which selection directors who do not  
73 31 qualify as disinterested directors may participate.

73 32 c. By the members of a mutual benefit corporation, but  
73 33 directors who are at the time parties to the proceeding shall  
73 34 not vote on the determination.

73 35 3. Authorization of indemnification shall be made in the  
74 1 same manner as the determination that indemnification is  
74 2 permissible, except that if there are fewer than two  
74 3 disinterested directors or if the determination is made by  
74 4 special legal counsel, authorization of indemnification shall  
74 5 be made by those entitled under subsection 2, paragraph "c",  
74 6 to select special legal counsel.

74 7 4. A director of a public benefit corporation shall not be  
74 8 indemnified until twenty days after the effective date of  
74 9 written notice to the attorney general of the proposed  
74 10 indemnification.

74 11 Sec. 109. NEW SECTION. 504A.857 INDEMNIFICATION OF  
74 12 OFFICERS.

74 13 1. A corporation may indemnify and advance expenses under

74 14 this part to an officer of the corporation who is a party to a  
74 15 proceeding because the person is an officer, according to all  
74 16 of the following:

74 17 a. To the same extent as to a director.

74 18 b. If the person is an officer but not a director, to such  
74 19 further extent as may be provided by the articles of  
74 20 incorporation, the bylaws, a resolution of the board of  
74 21 directors, or contract, except for either of the following:

74 22 (1) Liability in connection with a proceeding by or in the  
74 23 right of the corporation other than for reasonable expenses  
74 24 incurred in connection with the proceeding.

74 25 (2) Liability arising out of conduct that constitutes any  
74 26 of the following:

74 27 (a) Receipt by the officer of a financial benefit to which  
74 28 the officer is not entitled.

74 29 (b) An intentional infliction of harm on the corporation  
74 30 or the shareholders.

74 31 (c) An intentional violation of criminal law.

74 32 2. The provisions of subsection 1, paragraph "b", shall  
74 33 apply to an officer who is also a director if the basis on  
74 34 which the officer is made a party to a proceeding is an act or  
74 35 omission solely as an officer.

75 1 3. An officer of a corporation who is not a director is  
75 2 entitled to mandatory indemnification under section 504A.853,  
75 3 and may apply to a court under section 504A.855 for  
75 4 indemnification or an advance for expenses, in each case to  
75 5 the same extent to which a director may be entitled to  
75 6 indemnification or advance for expenses under those  
75 7 provisions.

75 8 Sec. 110. NEW SECTION. 504A.858 INSURANCE.

75 9 A corporation may purchase and maintain insurance on behalf  
75 10 of an individual who is a director or officer of the  
75 11 corporation, or who, while a director or officer of the  
75 12 corporation, serves at the request of the corporation as a  
75 13 director, officer, partner, trustee, employee, or agent of  
75 14 another domestic business or nonprofit corporation,  
75 15 partnership, joint venture, trust, employee benefit plan, or  
75 16 other entity, against liability asserted against or incurred  
75 17 by the individual in that capacity or arising from the  
75 18 individual's status as a director, officer, whether or not the  
75 19 corporation would have power to indemnify or advance expenses  
75 20 to that individual against the same liability under this part.

75 21 Sec. 111. NEW SECTION. 504A.859 APPLICATION OF PART.

75 22 1. A corporation may, by a provision in its articles of  
75 23 incorporation or bylaws or in a resolution adopted or a  
75 24 contract approved by its board of directors or members,  
75 25 obligate itself in advance of the act or omission giving rise  
75 26 to a proceeding to provide indemnification in accordance with  
75 27 section 504A.852 or advance funds to pay for or reimburse  
75 28 expenses in accordance with section 504A.854. Any such  
75 29 obligatory provision shall be deemed to satisfy the  
75 30 requirements for authorization referred to in section  
75 31 504A.854, subsection 3, and in section 504A.856, subsection 2  
75 32 or 3. Any such provision that obligates the corporation to  
75 33 provide indemnification to the fullest extent permitted by law  
75 34 shall be deemed to obligate the corporation to advance funds  
75 35 to pay for or reimburse expenses in accordance with section  
76 1 504A.854 to the fullest extent permitted by law, unless the  
76 2 provision specifically provides otherwise.

76 3 2. Any provision pursuant to subsection 1 shall not  
76 4 obligate the corporation to indemnify or advance expenses to a  
76 5 director of a predecessor of the corporation, pertaining to  
76 6 conduct with respect to the predecessor, unless otherwise  
76 7 specifically provided. Any provision for indemnification or  
76 8 advance for expenses in the articles of incorporation, bylaws,  
76 9 or a resolution of the board of directors or members of a  
76 10 predecessor of the corporation in a merger or in a contract to  
76 11 which the predecessor is a party, existing at the time the  
76 12 merger takes effect, shall be governed by section 504A.1104.

76 13 3. A corporation may, by a provision in its articles of  
76 14 incorporation, limit any of the rights to indemnification or  
76 15 advance for expenses created by or pursuant to this part.

76 16 4. This part does not limit a corporation's power to pay  
76 17 or reimburse expenses incurred by a director or an officer in  
76 18 connection with the director's or officer's appearance as a  
76 19 witness in a proceeding at a time when the director or officer  
76 20 is not a party.

76 21 5. This part does not limit a corporation's power to  
76 22 indemnify, advance expenses to, or provide or maintain  
76 23 insurance on behalf of an employee or agent.

76 24 Sec. 112. NEW SECTION. 504A.860 EXCLUSIVITY OF PART.

76 25 A corporation may provide indemnification or advance  
76 26 expenses to a director or an officer only as permitted by this  
76 27 part.

76 28 SUBCHAPTER IX  
76 29 PERSONAL LIABILITY

76 30 Sec. 113. NEW SECTION. 504A.901 PERSONAL LIABILITY.

76 31 Except as otherwise provided in this chapter, a director,  
76 32 officer, employee, or member of a corporation is not liable  
76 33 for the corporation's debts or obligations and a director,  
76 34 officer, member, or volunteer is not personally liable in that  
76 35 capacity, to any person for any action taken or failure to  
77 1 take any action except liability for any of the following:

- 77 2 1. The amount of any financial benefit to which the person  
77 3 is entitled.
- 77 4 2. An intentional infliction of harm on the corporation or  
77 5 the members.
- 77 6 3. A violation of section 504A.834.
- 77 7 4. An intentional violation of criminal law.

77 8 SUBCHAPTER X

77 9 AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS

77 10 PART 1

77 11 ARTICLES OF INCORPORATION

77 12 Sec. 114. NEW SECTION. 504A.1001 AUTHORITY TO AMEND.

77 13 A corporation may amend its articles of incorporation at  
77 14 any time to add or change a provision that is required or  
77 15 permitted in the articles or to delete a provision not  
77 16 required in the articles. Whether a provision is required or  
77 17 permitted in the articles is determined as of the effective  
77 18 date of the amendment.

77 19 Sec. 115. NEW SECTION. 504A.1002 AMENDMENT BY DIRECTORS.

77 20 1. Unless the articles provide otherwise, a corporation's  
77 21 board of directors may adopt one or more amendments to the  
77 22 corporation's articles without member approval to do any of  
77 23 the following:

77 24 a. Extend the duration of the corporation if it was  
77 25 incorporated at a time when limited duration was required by  
77 26 law.

77 27 b. Delete the names and addresses of the initial  
77 28 directors.

77 29 c. Delete the name and address of the initial registered  
77 30 agent or registered office, if a statement of change is on  
77 31 file with the secretary of state.

77 32 d. Change the corporate name by substituting the word  
77 33 "corporation", "incorporated", "company", "limited", or the  
77 34 abbreviation "corp.", "inc.", "co.", or "ltd.", for a similar  
77 35 word or abbreviation in the name, or by adding, deleting, or  
78 1 changing a geographical attribution to the name.

78 2 e. Make any other change expressly permitted by this  
78 3 subchapter to be made by director action.

78 4 2. If a corporation has no members, its incorporators,  
78 5 until directors have been chosen, and thereafter its board of  
78 6 directors, may adopt one or more amendments to the  
78 7 corporation's articles subject to any approval required  
78 8 pursuant to section 504A.1031. The corporation shall provide  
78 9 notice of any meeting at which an amendment is to be voted  
78 10 upon. The notice shall be in accordance with section  
78 11 504A.823, subsection 3. The notice must also state that the  
78 12 purpose, or one of the purposes, of the meeting is to consider  
78 13 a proposed amendment to the articles and contain or be  
78 14 accompanied by a copy or summary of the amendment or state the  
78 15 general nature of the amendment. The amendment must be  
78 16 approved by a majority of the directors in office at the time  
78 17 the amendment is adopted.

78 18 Sec. 116. NEW SECTION. 504A.1003 AMENDMENT BY DIRECTORS  
78 19 AND MEMBERS.

78 20 1. Unless this chapter, the articles or bylaws of a  
78 21 corporation, the members acting pursuant to subsection 2, or  
78 22 the board of directors acting pursuant to subsection 3,  
78 23 require a greater vote or voting by class, an amendment to the  
78 24 corporation's articles must be approved by all of the  
78 25 following to be adopted:

78 26 a. The board if the corporation is a public benefit or  
78 27 religious corporation and the amendment does not relate to the  
78 28 number of directors, the composition of the board, the term of  
78 29 office of directors, or the method or way in which directors  
78 30 are elected or selected.

78 31 b. Except as provided in section 504A.1002, subsection 1,  
78 32 by the members by two-thirds of the votes cast by the members  
78 33 or a majority of the members' voting power that could be cast,  
78 34 whichever is less.

78 35 c. In writing by any person or persons whose approval is

79 1 required by a provision of the articles authorized by section  
79 2 504A.1031.

79 3 2. The members may condition the adoption of an amendment  
79 4 on receipt of a higher percentage of affirmative votes or on  
79 5 any other basis.

79 6 3. If the board initiates an amendment to the articles or  
79 7 board approval is required by subsection 1 to adopt an  
79 8 amendment to the articles, the board may condition the  
79 9 amendment's adoption on receipt of a higher percentage of  
79 10 affirmative votes or any other basis.

79 11 4. If the board or the members seek to have the amendment  
79 12 approved by the members at a membership meeting, the  
79 13 corporation shall give notice to its members of the proposed  
79 14 membership meeting in writing in accordance with section  
79 15 504A.705. The notice must state that the purpose, or one of  
79 16 the purposes, of the meeting is to consider the proposed  
79 17 amendment and contain or be accompanied by a copy or summary  
79 18 of the amendment.

79 19 5. If the board or the members seek to have the amendment  
79 20 approved by the members by written consent or written ballot,  
79 21 the material soliciting the approval shall contain or be  
79 22 accompanied by a copy or summary of the amendment.

79 23 Sec. 117. NEW SECTION. 504A.1004 CLASS VOTING BY MEMBERS  
79 24 ON AMENDMENTS.

79 25 1. The members of a class in a public benefit corporation  
79 26 are entitled to vote as a class on a proposed amendment to the  
79 27 articles if the amendment would change the rights of that  
79 28 class as to voting in a manner different than such amendment  
79 29 affects another class or members of another class.

79 30 2. The members of a class in a mutual benefit corporation  
79 31 are entitled to vote as a class on a proposed amendment to the  
79 32 articles if the amendment would do any of the following:

79 33 a. Affect the rights, privileges, preferences,  
79 34 restrictions, or conditions of that class as to voting,  
79 35 dissolution, redemption, or transfer of memberships in a  
80 1 manner different than such amendment would affect another  
80 2 class.

80 3 b. Change the rights, privileges, preferences,  
80 4 restrictions, or conditions of that class as to voting,  
80 5 dissolution, redemption, or transfer by changing the rights,  
80 6 privileges, preferences, restrictions, or conditions of  
80 7 another class.

80 8 c. Increase or decrease the number of memberships  
80 9 authorized for that class.

80 10 d. Increase the number of memberships authorized for  
80 11 another class.

80 12 e. Effect an exchange, reclassification, or termination of  
80 13 the memberships of that class.

80 14 f. Authorize a new class of memberships.

80 15 3. The members of a class of a religious corporation are  
80 16 entitled to vote as a class on a proposed amendment to the  
80 17 articles only if a class vote is provided for in the articles  
80 18 or bylaws.

80 19 4. If a class is to be divided into two or more classes as  
80 20 a result of an amendment to the articles of a public benefit  
80 21 or mutual benefit corporation, the amendment must be approved  
80 22 by the members of each class that would be created by the  
80 23 amendment.

80 24 5. Except as provided in the articles or bylaws of a  
80 25 religious corporation, if a class vote is required to approve  
80 26 an amendment to the articles of the corporation, the amendment  
80 27 must be approved by the members of the class by two-thirds of  
80 28 the votes cast by the class or a majority of the voting power  
80 29 of the class, whichever is less.

80 30 6. A class of members of a public benefit or mutual  
80 31 benefit corporation is entitled to the voting rights granted  
80 32 by this section even if the public benefit or mutual benefit  
80 33 corporation's articles and bylaws provide that the class shall  
80 34 not vote on the proposed amendment.

80 35 Sec. 118. NEW SECTION. 504A.1005 ARTICLES OF AMENDMENT.

81 1 A corporation amending its articles shall deliver to the  
81 2 secretary of state articles of amendment setting forth:

81 3 1. The name of the corporation.

81 4 2. The text of each amendment adopted.

81 5 3. The date of each amendment's adoption.

81 6 4. If approval by members was not required, a statement to  
81 7 that effect and a statement that the amendment was approved by  
81 8 a sufficient vote of the board of directors or incorporators.

81 9 5. If approval by members was required, both of the  
81 10 following:

81 11 a. The designation, number of memberships outstanding,

81 12 number of votes entitled to be cast by each class entitled to  
81 13 vote separately on the amendment, and number of votes of each  
81 14 class indisputably voting on the amendment.  
81 15 b. Either the total number of votes cast for and against  
81 16 the amendment by each class entitled to vote separately on the  
81 17 amendment or the total number of undisputed votes cast for the  
81 18 amendment by each class and a statement that the number of  
81 19 votes cast for the amendment by each class was sufficient for  
81 20 approval by that class.

81 21 6. If approval of the amendment by some person or persons  
81 22 other than the members, the board, or the incorporators is  
81 23 required pursuant to section 504A.1031, a statement that the  
81 24 approval was obtained.

81 25 Sec. 119. NEW SECTION. 504A.1006 RESTATED ARTICLES OF  
81 26 INCORPORATION.

81 27 1. A corporation's board of directors may restate the  
81 28 corporation's articles of incorporation at any time with or  
81 29 without approval by members or any other person.

81 30 2. The restatement may include one or more amendments to  
81 31 the articles. If the restatement includes an amendment  
81 32 requiring approval by the members or any other person, it must  
81 33 be adopted as provided in section 504A.1003.

81 34 3. If the restatement includes an amendment requiring  
81 35 approval by members, the board must submit the restatement to  
82 1 the members for their approval.

82 2 4. If the board seeks to have the restatement approved by  
82 3 the members at a membership meeting, the corporation shall  
82 4 notify each of its members of the proposed membership meeting  
82 5 in writing in accordance with section 504A.705. The notice  
82 6 must also state that the purpose, or one of the purposes, of  
82 7 the meeting is to consider the proposed restatement and must  
82 8 contain or be accompanied by a copy or summary of the  
82 9 restatement that identifies any amendments or other changes  
82 10 the restatement would make in the articles.

82 11 5. If the board seeks to have the restatement approved by  
82 12 the members by written ballot or written consent, the material  
82 13 soliciting the approval shall contain or be accompanied by a  
82 14 copy or summary of the restatement that identifies any  
82 15 amendments or other changes the restatement would make in the  
82 16 articles.

82 17 6. A restatement requiring approval by the members must be  
82 18 approved by the same vote as an amendment to articles under  
82 19 section 504A.1003.

82 20 7. If the restatement includes an amendment requiring  
82 21 approval pursuant to section 504A.1031, the board must submit  
82 22 the restatement for such approval.

82 23 8. A corporation restating its articles shall deliver to  
82 24 the secretary of state articles of restatement setting forth  
82 25 the name of the corporation and the text of the restated  
82 26 articles of incorporation together with a certificate setting  
82 27 forth all of the following:

82 28 a. Whether the restatement contains an amendment to the  
82 29 articles requiring approval by the members or any other person  
82 30 other than the board of directors and, if it does not, that  
82 31 the board of directors adopted the restatement.

82 32 b. If the restatement contains an amendment to the  
82 33 articles requiring approval by the members, the information  
82 34 required by section 504A.1005.

82 35 c. If the restatement contains an amendment to the  
83 1 articles requiring approval by a person whose approval is  
83 2 required pursuant to section 504A.1031, a statement that such  
83 3 approval was obtained.

83 4 9. Duly adopted restated articles of incorporation  
83 5 supersede the original articles of incorporation and all  
83 6 amendments to the original articles.

83 7 10. The secretary of state may certify restated articles  
83 8 of incorporation as the articles of incorporation currently in  
83 9 effect without including the certificate information required  
83 10 by subsection 8.

83 11 Sec. 120. NEW SECTION. 504A.1007 AMENDMENT PURSUANT TO  
83 12 JUDICIAL REORGANIZATION.

83 13 1. A corporation's articles may be amended without board  
83 14 approval or approval by the members or approval required  
83 15 pursuant to section 504A.1031 to carry out a plan of  
83 16 reorganization ordered or decreed by a court of competent  
83 17 jurisdiction under federal statute if the articles after  
83 18 amendment contain only provisions required or permitted by  
83 19 section 504A.202.

83 20 2. An individual or individuals designated by the court  
83 21 shall deliver to the secretary of state articles of amendment  
83 22 setting forth all of the following:

- 83 23 a. The name of the corporation.  
83 24 b. The text of each amendment approved by the court.  
83 25 c. The date of the court's order or decree approving the  
83 26 articles of amendment.  
83 27 d. The title of the reorganization proceeding in which the  
83 28 order or decree was entered.  
83 29 e. A statement that the court had jurisdiction of the  
83 30 proceeding under federal statute.  
83 31 3. This section does not apply after entry of a final  
83 32 decree in the reorganization proceeding even though the court  
83 33 retains jurisdiction of the proceeding for limited purposes  
83 34 unrelated to consummation of the reorganization plan.

83 35 Sec. 121. NEW SECTION. 504A.1008 EFFECT OF AMENDMENT AND  
84 1 RESTATEMENT.

84 2 An amendment to articles of incorporation does not affect a  
84 3 cause of action existing against or in favor of the  
84 4 corporation, a proceeding to which the corporation is a party,  
84 5 any requirement or limitation imposed upon the corporation or  
84 6 any property held by it by virtue of any trust upon which such  
84 7 property is held by the corporation or the existing rights of  
84 8 persons other than members of the corporation. An amendment  
84 9 changing a corporation's name does not abate a proceeding  
84 10 brought by or against the corporation in its former name.

84 11 PART 2  
84 12 BYLAWS

84 13 Sec. 122. NEW SECTION. 504A.1021 AMENDMENT BY DIRECTORS.

84 14 If a corporation has no members, its incorporators, until  
84 15 directors have been chosen, and thereafter its board of  
84 16 directors, may adopt one or more amendments to the  
84 17 corporation's bylaws subject to any approval required pursuant  
84 18 to section 504A.1031. The corporation shall provide notice of  
84 19 any meeting of directors at which an amendment is to be  
84 20 approved. The notice must be given in accordance with section  
84 21 504A.823, subsection 3. The notice must also state that the  
84 22 purpose, or one of the purposes, of the meeting is to consider  
84 23 a proposed amendment to the bylaws and contain or be  
84 24 accompanied by a copy or summary of the amendment or state the  
84 25 general nature of the amendment. The amendment must be  
84 26 approved by a majority of the directors in office at the time  
84 27 the amendment is adopted.

84 28 Sec. 123. NEW SECTION. 504A.1022 AMENDMENT BY DIRECTORS  
84 29 AND MEMBERS.

84 30 1. Unless this chapter, the articles, bylaws, the members  
84 31 acting pursuant to subsection 2, or the board of directors  
84 32 acting pursuant to subsection 3, require a greater vote or  
84 33 voting by class, an amendment to a corporation's bylaws must  
84 34 be approved by all of the following to be adopted:

84 35 a. By the board if the corporation is a public benefit or  
85 1 religious corporation and the amendment does not relate to the  
85 2 number of directors, the composition of the board, the term of  
85 3 office of directors, or the method or way in which directors  
85 4 are elected or selected.

85 5 b. By the members by two-thirds of the votes cast or a  
85 6 majority of the voting power, whichever is less.

85 7 c. In writing by any person or persons whose approval is  
85 8 required by a provision of the articles authorized by section  
85 9 504A.1031.

85 10 2. The members may condition the amendment's adoption on  
85 11 its receipt of a higher percentage of affirmative votes or on  
85 12 any other basis.

85 13 3. If the board initiates an amendment to the bylaws or  
85 14 board approval is required by subsection 1 to adopt an  
85 15 amendment to the bylaws, the board may condition the  
85 16 amendment's adoption on receipt of a higher percentage of  
85 17 affirmative votes or on any other basis.

85 18 4. If the board or the members seek to have the amendment  
85 19 approved by the members at a membership meeting, the  
85 20 corporation shall give notice to its members of the proposed  
85 21 membership meeting in writing in accordance with section  
85 22 504A.705. The notice must also state that the purpose, or one  
85 23 of the purposes, of the meeting is to consider the proposed  
85 24 amendment and contain or be accompanied by a copy or summary  
85 25 of the amendment.

85 26 5. If the board or the members seek to have the amendment  
85 27 approved by the members by written consent or written ballot,  
85 28 the material soliciting the approval shall contain or be  
85 29 accompanied by a copy or summary of the amendment.

85 30 Sec. 124. NEW SECTION. 504A.1023 CLASS VOTING BY MEMBERS  
85 31 ON AMENDMENTS.

85 32 1. The members of a class in a public benefit corporation  
85 33 are entitled to vote as a class on a proposed amendment to the

85 34 bylaws if the amendment would change the rights of that class  
85 35 as to voting in a manner different than such amendment affects  
86 1 another class or members of another class.  
86 2 2. The members of a class in a mutual benefit corporation  
86 3 are entitled to vote as a class on a proposed amendment to the  
86 4 bylaws if the amendment would do any of the following:  
86 5 a. Affect the rights, privileges, preferences,  
86 6 restrictions, or conditions of that class as to voting,  
86 7 dissolution, redemption, or transfer of memberships in a  
86 8 manner different than such amendment would affect another  
86 9 class.  
86 10 b. Change the rights, privileges, preferences,  
86 11 restrictions, or conditions of that class as to voting,  
86 12 dissolution, redemption, or transfer by changing the rights,  
86 13 privileges, preferences, restrictions, or conditions of  
86 14 another class.  
86 15 c. Increase or decrease the number of memberships  
86 16 authorized for that class.  
86 17 d. Increase the number of memberships authorized for  
86 18 another class.  
86 19 e. Effect an exchange, reclassification, or termination of  
86 20 all or part of the memberships of that class.  
86 21 f. Authorize a new class of memberships.  
86 22 3. The members of a class of a religious corporation are  
86 23 entitled to vote as a class on a proposed amendment to the  
86 24 bylaws only if a class vote is provided for in the articles or  
86 25 bylaws.  
86 26 4. If a class is to be divided into two or more classes as  
86 27 a result of an amendment to the bylaws, the amendment must be  
86 28 approved by the members of each class that would be created by  
86 29 the amendment.  
86 30 5. If a class vote is required to approve an amendment to  
86 31 the bylaws, the amendment must be approved by the members of  
86 32 the class by two-thirds of the votes cast by the class or a  
86 33 majority of the voting power of the class, whichever is less.  
86 34 6. A class of members is entitled to the voting rights  
86 35 granted by this section even if the articles and bylaws  
87 1 provide that the class may not vote on the proposed amendment.

87 2 PART 3

87 3 ARTICLES OF INCORPORATION AND BYLAWS

87 4 Sec. 125. NEW SECTION. 504A.1031 APPROVAL BY THIRD  
87 5 PERSONS.

87 6 The articles of a corporation may require that an amendment  
87 7 to the articles or bylaws be approved in writing by a  
87 8 specified person or persons other than the board. Such a  
87 9 provision in the articles may only be amended with the  
87 10 approval in writing of the person or persons specified in the  
87 11 provision.

87 12 Sec. 126. NEW SECTION. 504A.1032 AMENDMENT TERMINATING  
87 13 MEMBERS OR REDEEMING OR CANCELING MEMBERSHIPS.

87 14 1. An amendment to the articles or bylaws of a public  
87 15 benefit or mutual benefit corporation which would terminate  
87 16 all members or any class of members or redeem or cancel all  
87 17 memberships or any class of memberships must meet the  
87 18 requirements of this chapter and this section.

87 19 2. Before adopting a resolution proposing such an  
87 20 amendment, the board of a mutual benefit corporation shall  
87 21 give notice of the general nature of the amendment to the  
87 22 members.

87 23 3. After adopting a resolution proposing such an  
87 24 amendment, the notice to members proposing such amendment  
87 25 shall include one statement of up to five hundred words  
87 26 opposing the proposed amendment, if such statement is  
87 27 submitted by any five members or members having three percent  
87 28 or more of the voting power, whichever is less, not later than  
87 29 twenty days after the board has voted to submit such amendment  
87 30 to the members for their approval. In public benefit  
87 31 corporations, the production and mailing costs of the  
87 32 statement opposing the proposed amendment shall be paid by the  
87 33 requesting members. In mutual benefit corporations, the  
87 34 production and mailing costs of the statement opposing the  
87 35 proposed amendment shall be paid by the corporation.

88 1 4. Any such amendment shall be approved by the members by  
88 2 two-thirds of the votes cast by each class.

88 3 5. The provisions of section 504A.622 shall not apply to  
88 4 any amendment meeting the requirements of this chapter and  
88 5 this section.

88 6 SUBCHAPTER XI

88 7 MERGER

88 8 Sec. 127. NEW SECTION. 504A.1101 APPROVAL OF PLAN OF  
88 9 MERGER.

88 10 1. Subject to the limitations set forth in section  
88 11 504A.1102, one or more nonprofit corporations may merge with  
88 12 or into any one or more corporations or nonprofit corporations  
88 13 or limited liability companies, if the plan of merger is  
88 14 approved as provided in section 504A.1103.

88 15 2. The plan of merger shall set forth all of the  
88 16 following:

88 17 a. The name of each corporation or limited liability  
88 18 company planning to merge and the name of the surviving  
88 19 corporation into which each plans to merge.

88 20 b. The terms and conditions of the planned merger.

88 21 c. The manner and basis, if any, of converting the  
88 22 memberships of each public benefit or religious corporation  
88 23 into memberships of the surviving corporation or limited  
88 24 liability company.

88 25 d. If the merger involves a mutual benefit corporation,  
88 26 the manner and basis, if any, of converting memberships of  
88 27 each merging corporation into memberships, obligations, or  
88 28 securities of the surviving or any other corporation or  
88 29 limited liability company or into cash or other property in  
88 30 whole or in part.

88 31 3. The plan of merger may set forth any of the following:

88 32 a. Any amendments to the articles of incorporation or  
88 33 bylaws of the surviving corporation or limited liability  
88 34 company to be effected by the planned merger.

88 35 b. Other provisions relating to the planned merger.

89 1 Sec. 128. NEW SECTION. 504A.1102 LIMITATIONS ON MERGERS  
89 2 BY PUBLIC BENEFIT OR RELIGIOUS CORPORATIONS.

89 3 1. Without the prior approval of the district court in a  
89 4 proceeding of which the attorney general has been given  
89 5 written notice, a public benefit or religious corporation may  
89 6 merge only with one of the following:

89 7 a. A public benefit or religious corporation.

89 8 b. A foreign corporation which would qualify under this  
89 9 chapter as a public benefit or religious corporation.

89 10 c. A wholly owned foreign or domestic business or mutual  
89 11 benefit corporation, provided the public benefit or religious  
89 12 corporation is the surviving corporation and continues to be a  
89 13 public benefit or religious corporation after the merger.

89 14 d. A business or mutual benefit corporation, provided that  
89 15 all of the following apply:

89 16 (1) On or prior to the effective date of the merger,  
89 17 assets with a value equal to the greater of the fair market  
89 18 value of the net tangible and intangible assets, including  
89 19 goodwill, of the public benefit or religious corporation or  
89 20 the fair market value of the public benefit or religious  
89 21 corporation if it were to be operated as a business concern  
89 22 are transferred or conveyed to one or more persons who would  
89 23 have received its assets under section 504A.1406, subsection  
89 24 1, paragraphs "e" and "f", had it dissolved.

89 25 (2) The business or mutual benefit corporation shall  
89 26 return, transfer, or convey any assets held by it upon  
89 27 condition requiring return, transfer, or conveyance, which  
89 28 condition occurs by reason of the merger, in accordance with  
89 29 such condition.

89 30 (3) The merger is approved by a majority of directors of  
89 31 the public benefit or religious corporation who are not and  
89 32 will not become members or shareholders in or officers,  
89 33 employees, agents, or consultants of the surviving  
89 34 corporation.

89 35 2. At least twenty days before consummation of any merger  
90 1 of a public benefit corporation or a religious corporation  
90 2 pursuant to subsection 1, paragraph "d", notice, including a  
90 3 copy of the proposed plan of merger, must be delivered to the  
90 4 attorney general.

90 5 3. Without the prior written consent of the attorney  
90 6 general or of the district court in a proceeding in which the  
90 7 attorney general has been given notice, a member of a public  
90 8 benefit or religious corporation shall not receive or keep  
90 9 anything as a result of a merger other than a membership in  
90 10 the surviving public benefit or religious corporation. The  
90 11 court shall approve the transaction if it is in the public  
90 12 interest.

90 13 Sec. 129. NEW SECTION. 504A.1103 ACTION ON PLAN BY  
90 14 BOARD, MEMBERS, AND THIRD PERSONS.

90 15 1. Unless this chapter, the articles, bylaws, or the board  
90 16 of directors or members acting pursuant to subsection 3  
90 17 require a greater vote or voting by class, a plan of merger  
90 18 for a corporation must be approved by all of the following to  
90 19 be adopted:

90 20 a. The board.

90 21 b. The members, if any, by two-thirds of the votes cast or  
90 22 a majority of the voting power, whichever is less.

90 23 c. In writing by any person or persons whose approval is  
90 24 required by a provision of the articles authorized by section  
90 25 504A.1031 for an amendment to the articles or bylaws.

90 26 2. If the corporation does not have members, the merger  
90 27 must be approved by a majority of the directors in office at  
90 28 the time the merger is approved. In addition, the corporation  
90 29 shall provide notice of any directors' meeting at which such  
90 30 approval is to be obtained in accordance with section  
90 31 504A.823, subsection 3. The notice must also state that the  
90 32 purpose, or one of the purposes, of the meeting is to consider  
90 33 the proposed merger.

90 34 3. The board may condition its submission of the proposed  
90 35 merger, and the members may condition their approval of the  
91 1 merger, on receipt of a higher percentage of affirmative votes  
91 2 or on any other basis.

91 3 4. If the board seeks to have the plan approved by the  
91 4 members at a membership meeting, the corporation shall give  
91 5 notice to its members of the proposed membership meeting in  
91 6 accordance with section 504A.705. The notice must also state  
91 7 that the purpose, or one of the purposes, of the meeting is to  
91 8 consider the plan of merger and contain or be accompanied by a  
91 9 copy or summary of the plan. The copy or summary of the plan  
91 10 for members of the surviving corporation shall include any  
91 11 provision that, if contained in a proposed amendment to the  
91 12 articles of incorporation or bylaws, would entitle members to  
91 13 vote on the provision. The copy or summary of the plan for  
91 14 members of the disappearing corporation shall include a copy  
91 15 or summary of the articles and bylaws which will be in effect  
91 16 immediately after the merger takes effect.

91 17 5. If the board seeks to have the plan approved by the  
91 18 members by written consent or written ballot, the material  
91 19 soliciting the approval shall contain or be accompanied by a  
91 20 copy or summary of the plan. The copy or summary of the plan  
91 21 for members of the surviving corporation shall include any  
91 22 provision that, if contained in a proposed amendment to the  
91 23 articles of incorporation or bylaws, would entitle members to  
91 24 vote on the provision. The copy or summary of the plan for  
91 25 members of the disappearing corporation shall include a copy  
91 26 or summary of the articles and bylaws which will be in effect  
91 27 immediately after the merger takes effect.

91 28 6. Voting by a class of members is required on a plan of  
91 29 merger if the plan contains a provision that, if contained in  
91 30 a proposed amendment to articles of incorporation or bylaws,  
91 31 would entitle the class of members to vote as a class on the  
91 32 proposed amendment under section 504A.1004 or 504A.1023. The  
91 33 plan must be approved by a class of members by two-thirds of  
91 34 the votes cast by the class or a majority of the voting power  
91 35 of the class, whichever is less.

92 1 7. After a merger is adopted, and at any time before  
92 2 articles of merger are filed, the planned merger may be  
92 3 abandoned subject to any contractual rights without further  
92 4 action by members or other persons who approved the plan in  
92 5 accordance with the procedure set forth in the plan of merger  
92 6 or, if none is set forth, in the manner determined by the  
92 7 board of directors.

92 8 Sec. 130. NEW SECTION. 504A.1104 ARTICLES OF MERGER.

92 9 After a plan of merger is approved by the board of  
92 10 directors, and if required by section 504A.1103, by the  
92 11 members and any other persons, the surviving or acquiring  
92 12 corporation shall deliver to the secretary of state articles  
92 13 of merger setting forth all of the following, as applicable:

92 14 1. The plan of merger.

92 15 2. If approval of members was not required, a statement to  
92 16 that effect and a statement that the plan was approved by a  
92 17 sufficient vote of the board of directors.

92 18 3. If approval by members was required, both of the  
92 19 following:

92 20 a. The designation, number of memberships outstanding,  
92 21 number of votes entitled to be cast by each class entitled to  
92 22 vote separately on the plan, and number of votes of each class  
92 23 indisputably voting on the plan.

92 24 b. Either the total number of votes cast for and against  
92 25 the plan by each class entitled to vote separately on the plan  
92 26 or the total number of undisputed votes cast for the plan by  
92 27 each class and a statement that the number of votes cast for  
92 28 the plan by each class was sufficient for approval by that  
92 29 class.

92 30 4. If approval of the plan by some person or persons other  
92 31 than the members of the board is required pursuant to section

92 32 504A.1103, subsection 1, paragraph "c", a statement that the  
92 33 approval was obtained.

92 34 Sec. 131. NEW SECTION. 504A.1105 EFFECT OF MERGER.

92 35 When a merger takes effect, all of the following occur:

93 1 1. Every other corporation party to the merger merges into  
93 2 the surviving corporation and the separate existence of every  
93 3 corporation except the surviving corporation ceases.

93 4 2. The title to all real estate and other property owned  
93 5 by each corporation party to the merger is vested in the  
93 6 surviving corporation without reversion or impairment subject  
93 7 to any and all conditions to which the property was subject  
93 8 prior to the merger.

93 9 3. The surviving corporation has all the liabilities and  
93 10 obligations of each corporation party to the merger.

93 11 4. A proceeding pending against any corporation party to  
93 12 the merger may be continued as if the merger did not occur or  
93 13 the surviving corporation may be substituted in the proceeding  
93 14 for the corporation whose existence ceased.

93 15 5. The articles of incorporation and bylaws of the  
93 16 surviving corporation are amended to the extent provided in  
93 17 the plan of merger.

93 18 Sec. 132. NEW SECTION. 504A.1106 MERGER WITH FOREIGN  
93 19 CORPORATION.

93 20 1. Except as provided in section 504A.1102, one or more  
93 21 foreign business or nonprofit corporations may merge with one  
93 22 or more domestic nonprofit corporations if all of the  
93 23 following conditions are met:

93 24 a. The merger is permitted by the law of the state or  
93 25 country under whose law each foreign corporation is  
93 26 incorporated and each foreign corporation complies with that  
93 27 law in effecting the merger.

93 28 b. The foreign corporation complies with section 504A.1104  
93 29 if it is the surviving corporation of the merger.

93 30 c. Each domestic nonprofit corporation complies with the  
93 31 applicable provisions of sections 504A.1101 through 504A.1103  
93 32 and, if it is the surviving corporation of the merger, with  
93 33 section 504A.1104.

93 34 2. Upon the merger taking effect, the surviving foreign  
93 35 business or nonprofit corporation is deemed to have  
94 1 irrevocably appointed the secretary of state as its agent for  
94 2 service of process in any proceeding brought against it.

94 3 Sec. 133. NEW SECTION. 504A.1107 BEQUESTS, DEVISES, AND  
94 4 GIFTS.

94 5 Any bequest, devise, gift, grant, or promise contained in a  
94 6 will or other instrument of donation, subscription, or  
94 7 conveyance, that is made to a constituent corporation and  
94 8 which takes effect or remains payable after the merger, inures  
94 9 to the surviving corporation unless the will or other  
94 10 instrument otherwise specifically provides.

94 11 SUBCHAPTER XII  
94 12 SALE OF ASSETS

94 13 Sec. 134. NEW SECTION. 504A.1201 SALE OF ASSETS IN  
94 14 REGULAR COURSE OF ACTIVITIES AND MORTGAGE OF ASSETS.

94 15 1. A corporation may on the terms and conditions and for  
94 16 the consideration determined by the board of directors do  
94 17 either of the following:

94 18 a. Sell, lease, exchange, or otherwise dispose of all, or  
94 19 substantially all, of its property in the usual and regular  
94 20 course of its activities.

94 21 b. Mortgage, pledge, dedicate to the repayment of  
94 22 indebtedness, whether with or without recourse, or otherwise  
94 23 encumber any or all of its property whether or not in the  
94 24 usual and regular course of its activities.

94 25 2. Unless the articles require it, approval of the members  
94 26 or any other persons of a transaction described in subsection  
94 27 1 is not required.

94 28 Sec. 135. NEW SECTION. 504A.1202 SALE OF ASSETS OTHER  
94 29 THAN IN REGULAR COURSE OF ACTIVITIES.

94 30 1. A corporation may sell, lease, exchange, or otherwise  
94 31 dispose of all, or substantially all, of its property, with or  
94 32 without the goodwill, other than in the usual and regular  
94 33 course of its activities on the terms and conditions and for  
94 34 the consideration determined by the corporation's board if the  
94 35 proposed transaction is authorized by subsection 2.

95 1 2. Unless this chapter, the articles, bylaws, or the board  
95 2 of directors or members acting pursuant to subsection 4  
95 3 require a greater vote or voting by a class, the proposed  
95 4 transaction to be authorized must be approved by all of the  
95 5 following:

95 6 a. The board.

95 7 b. The members by two-thirds of the votes cast or a

95 8 majority of the voting power, whichever is less.  
95 9 c. In writing by any person or persons whose approval is  
95 10 required by a provision of the articles authorized by section  
95 11 504A.1031 for an amendment to the articles or bylaws.  
95 12 3. If the corporation does not have members, the  
95 13 transaction must be approved by a vote of a majority of the  
95 14 directors in office at the time the transaction is approved.  
95 15 In addition, the corporation shall provide notice of any  
95 16 directors' meeting at which such approval is to be obtained in  
95 17 accordance with section 504A.823, subsection 3. The notice  
95 18 shall also state that the purpose, or one of the purposes, of  
95 19 the meeting is to consider the sale, lease, exchange, or other  
95 20 disposition of all, or substantially all, of the property or  
95 21 assets of the corporation and contain or be accompanied by a  
95 22 copy or summary of a description of the transaction.  
95 23 4. The board may condition its submission of the proposed  
95 24 transaction, and the members may condition their approval of  
95 25 the transaction, on receipt of a higher percentage of  
95 26 affirmative votes or on any other basis.  
95 27 5. If the corporation seeks to have the transaction  
95 28 approved by the members at a membership meeting, the  
95 29 corporation shall give notice to its members of the proposed  
95 30 membership meeting in accordance with section 504A.705. The  
95 31 notice must also state that the purpose, or one of the  
95 32 purposes, of the meeting is to consider the sale, lease,  
95 33 exchange, or other disposition of all, or substantially all,  
95 34 of the property or assets of the corporation and contain or be  
95 35 accompanied by a copy or summary of a description of the  
96 1 transaction.  
96 2 6. If the board is required to have the transaction  
96 3 approved by the members by written consent or written ballot,  
96 4 the material soliciting the approval shall contain or be  
96 5 accompanied by a copy or summary of a description of the  
96 6 transaction.  
96 7 7. A public benefit or religious corporation shall give  
96 8 written notice to the attorney general twenty days before it  
96 9 sells, leases, exchanges, or otherwise disposes of all, or  
96 10 substantially all, of its property if the transaction is not  
96 11 in the usual and regular course of its activities unless the  
96 12 attorney general has given the corporation a written waiver of  
96 13 the requirements of this subsection. The attorney general  
96 14 shall be deemed to have consented to the transaction unless  
96 15 notice is given to the corporation within the twenty days.  
96 16 8. After a sale, lease, exchange, or other disposition of  
96 17 property is authorized, the transaction may be abandoned,  
96 18 subject to any contractual rights, without further action by  
96 19 the members or any other person who approved the transaction  
96 20 in accordance with the procedure set forth in the resolution  
96 21 proposing the transaction or, if none is set forth, in the  
96 22 manner determined by the board of directors.

96 23 SUBCHAPTER XIII  
96 24 DISTRIBUTIONS

96 25 Sec. 136. NEW SECTION. 504A.1301 PROHIBITED  
96 26 DISTRIBUTIONS.

96 27 Except as authorized by section 504A.1302, a corporation  
96 28 shall not make any distributions.

96 29 Sec. 137. NEW SECTION. 504A.1302 AUTHORIZED  
96 30 DISTRIBUTIONS.

96 31 1. A mutual benefit corporation may purchase its  
96 32 memberships if after the purchase is completed, both of the  
96 33 following apply:

96 34 a. The corporation will be able to pay its debts as they  
96 35 become due in the usual course of its activities.

97 1 b. The corporation's total assets will at least equal the  
97 2 sum of its total liabilities.

97 3 2. Corporations may make distributions upon dissolution in  
97 4 conformity with subchapter 14.

97 5 SUBCHAPTER XIV  
97 6 DISSOLUTION

97 7 PART 1

97 8 VOLUNTARY DISSOLUTION

97 9 Sec. 138. NEW SECTION. 504A.1401 DISSOLUTION BY  
97 10 INCORPORATORS OR DIRECTORS AND THIRD PERSONS.

97 11 1. A majority of the incorporators of a corporation that  
97 12 has no directors and no members or a majority of the directors  
97 13 of a corporation that has no members may, subject to any  
97 14 approval required by the articles or bylaws, dissolve the  
97 15 corporation by delivering articles of dissolution to the  
97 16 secretary of state.

97 17 2. The corporation shall give notice of any meeting at  
97 18 which dissolution will be approved. The notice must be in

97 19 accordance with section 504A.823, subsection 3. The notice  
97 20 must also state that the purpose, or one of the purposes, of  
97 21 the meeting is to consider dissolution of the corporation.  
97 22 3. The incorporators or directors in approving dissolution  
97 23 shall adopt a plan of dissolution indicating to whom the  
97 24 assets owned or held by the corporation will be distributed  
97 25 after all creditors have been paid.

97 26 Sec. 139. NEW SECTION. 504A.1402 DISSOLUTION BY  
97 27 DIRECTORS, MEMBERS, AND THIRD PERSONS.

97 28 1. Unless this chapter, the articles, bylaws, or the board  
97 29 of directors or members acting pursuant to subsection 3  
97 30 require a greater vote or voting by class, dissolution is  
97 31 authorized if it is approved by all of the following:

97 32 a. The board.

97 33 b. The members, if any, by two-thirds of the votes cast or  
97 34 a majority of the voting power, whichever is less.

97 35 c. In writing by any person or persons whose approval is  
98 1 required by a provision of the articles authorized by section  
98 2 504A.1031 for an amendment to the articles or bylaws.

98 3 2. If the corporation does not have members, dissolution  
98 4 must be approved by a vote of a majority of the directors in  
98 5 office at the time the transaction is approved. In addition,  
98 6 the corporation shall provide notice of any directors' meeting  
98 7 at which such approval is to be obtained in accordance with  
98 8 section 504A.823, subsection 3. The notice must also state  
98 9 that the purpose, or one of the purposes, of the meeting is to  
98 10 consider dissolution of the corporation and contain or be  
98 11 accompanied by a copy or summary of the plan of dissolution.

98 12 3. The board may condition its submission of the proposed  
98 13 dissolution, and the members may condition their approval of  
98 14 the dissolution, on receipt of a higher percentage of  
98 15 affirmative votes or on any other basis.

98 16 4. If the board seeks to have dissolution approved by the  
98 17 members at a membership meeting, the corporation shall give  
98 18 notice to its members of the proposed membership meeting in  
98 19 accordance with section 504A.705. The notice must also state  
98 20 that the purpose, or one of the purposes, of the meeting is to  
98 21 consider dissolving the corporation and must contain or be  
98 22 accompanied by a copy or summary of the plan of dissolution.

98 23 5. If the board seeks to have the dissolution approved by  
98 24 the members by written consent or written ballot, the material  
98 25 soliciting the approval shall contain or be accompanied by a  
98 26 copy or summary of the plan of dissolution.

98 27 6. The plan of dissolution shall indicate to whom the  
98 28 assets owned or held by the corporation will be distributed  
98 29 after all creditors have been paid.

98 30 Sec. 140. NEW SECTION. 504A.1403 NOTICES TO THE ATTORNEY  
98 31 GENERAL.

98 32 1. A public benefit or religious corporation shall give  
98 33 the attorney general written notice that it intends to  
98 34 dissolve at or before the time it delivers articles of  
98 35 dissolution to the secretary of state. The notice shall  
99 1 include a copy or summary of the plan of dissolution.

99 2 2. Assets shall not be transferred or conveyed by a public  
99 3 benefit or religious corporation as part of the dissolution  
99 4 process until twenty days after it has given the written  
99 5 notice required by subsection 1 to the attorney general or  
99 6 until the attorney general has consented in writing to, or  
99 7 indicated in writing that, the attorney general will take no  
99 8 action in respect to the transfer or conveyance, whichever is  
99 9 earlier.

99 10 3. When all or substantially all of the assets of a public  
99 11 benefit corporation have been transferred or conveyed  
99 12 following approval of dissolution, the board shall deliver to  
99 13 the attorney general a list showing to whom, other than  
99 14 creditors, the assets were transferred or conveyed. The list  
99 15 shall indicate the addresses of each person, other than  
99 16 creditors, who received assets and indicate what assets each  
99 17 received.

99 18 Sec. 141. NEW SECTION. 504A.1404 ARTICLES OF  
99 19 DISSOLUTION.

99 20 1. At any time after dissolution is authorized, a  
99 21 corporation may dissolve by delivering articles of dissolution  
99 22 to the secretary of state setting forth all of the following:

99 23 a. The name of the corporation.

99 24 b. The date dissolution was authorized.

99 25 c. A statement that dissolution was approved by a  
99 26 sufficient vote of the board.

99 27 d. If approval of members was not required, a statement to  
99 28 that effect and a statement that dissolution was approved by a  
99 29 sufficient vote of the board of directors or incorporators.

99 30 e. If approval by members was required, both of the  
99 31 following:  
99 32 (1) The designation, number of memberships outstanding,  
99 33 number of votes entitled to be cast by each class entitled to  
99 34 vote separately on dissolution, and number of votes of each  
99 35 class indisputably voting on dissolution.  
100 1 (2) Either the total number of votes cast for and against  
100 2 dissolution by each class entitled to vote separately on  
100 3 dissolution or the total number of undisputed votes cast for  
100 4 dissolution by each class and a statement that the number cast  
100 5 for dissolution by each class was sufficient for approval by  
100 6 that class.  
100 7 f. If approval of dissolution by some person or persons  
100 8 other than the members, the board, or the incorporators is  
100 9 required pursuant to section 504A.1402, subsection 1,  
100 10 paragraph "c", a statement that the approval was obtained.  
100 11 g. If the corporation is a public benefit or religious  
100 12 corporation, that the notice to the attorney general required  
100 13 by section 504A.1403, subsection 1, has been given.  
100 14 2. A corporation is dissolved upon the effective date of  
100 15 its articles of dissolution.

100 16 Sec. 142. NEW SECTION. 504A.1405 REVOCATION OF  
100 17 DISSOLUTION.

100 18 1. A corporation may revoke its dissolution within one  
100 19 hundred twenty days of its effective date.  
100 20 2. Revocation of dissolution must be authorized in the  
100 21 same manner as the dissolution was authorized unless that  
100 22 authorization permitted revocation by action of the board of  
100 23 directors alone, in which event the board of directors may  
100 24 revoke the dissolution without action by the members or any  
100 25 other person.  
100 26 3. After the revocation of dissolution is authorized, the  
100 27 corporation may revoke the dissolution by delivering to the  
100 28 secretary of state for filing, articles of revocation of  
100 29 dissolution, together with a copy of its articles of  
100 30 dissolution, that set forth all of the following:  
100 31 a. The name of the corporation.  
100 32 b. The effective date of the dissolution that was revoked.  
100 33 c. The date that the revocation of dissolution was  
100 34 authorized.  
100 35 d. If the corporation's board of directors or  
101 1 incorporators revoked the dissolution, a statement to that  
101 2 effect.  
101 3 e. If the corporation's board of directors revoked a  
101 4 dissolution authorized by the members alone or in conjunction  
101 5 with another person or persons, a statement that revocation  
101 6 was permitted by action of the board of directors alone  
101 7 pursuant to that authorization.  
101 8 f. If member or third person action was required to revoke  
101 9 the dissolution, the information required by section  
101 10 504A.1404, subsection 1, paragraphs "e" and "f".  
101 11 4. Revocation of dissolution is effective upon the  
101 12 effective date of the articles of revocation of dissolution.  
101 13 5. When the revocation of dissolution is effective, it  
101 14 relates back to and takes effect as of the effective date of  
101 15 the dissolution and the corporation resumes carrying on its  
101 16 activities as if dissolution had never occurred.

101 17 Sec. 143. NEW SECTION. 504A.1406 EFFECT OF DISSOLUTION.

101 18 1. A dissolved corporation continues its corporate  
101 19 existence but shall not carry on any activities except those  
101 20 appropriate to wind up and liquidate its affairs, including  
101 21 all of the following:  
101 22 a. Preserving and protecting its assets and minimizing its  
101 23 liabilities.  
101 24 b. Discharging or making provision for discharging its  
101 25 liabilities and obligations.  
101 26 c. Disposing of its properties that will not be  
101 27 distributed in kind.  
101 28 d. Returning, transferring, or conveying assets held by  
101 29 the corporation upon a condition requiring return, transfer,  
101 30 or conveyance, which condition occurs by reason of the  
101 31 dissolution, in accordance with such condition.  
101 32 e. Transferring, subject to any contractual or legal  
101 33 requirements, its assets as provided in or authorized by its  
101 34 articles of incorporation or bylaws.  
101 35 f. If the corporation is a public benefit or religious  
102 1 corporation, and a provision has not been made in its articles  
102 2 or bylaws for distribution of assets on dissolution,  
102 3 transferring, subject to any contractual or legal requirement,  
102 4 its assets to one or more persons described in section  
102 5 501(c)(3) of the Internal Revenue Code, or if the dissolved

102 6 corporation is not described in section 501(c)(3) of the  
102 7 Internal Revenue Code, to one or more public benefit or  
102 8 religious corporations.  
102 9 g. If the corporation is a mutual benefit corporation and  
102 10 a provision has not been made in its articles or bylaws for  
102 11 distribution of assets on dissolution, transferring its assets  
102 12 to its members or, if it has no members, those persons whom  
102 13 the corporation holds itself out as benefiting or serving.  
102 14 h. Doing every other act necessary to wind up and  
102 15 liquidate its assets and affairs.  
102 16 2. Dissolution of a corporation does not do any of the  
102 17 following:

- 102 18 a. Transfer title to the corporation's property.
- 102 19 b. Subject its directors or officers to standards of  
102 20 conduct different from those prescribed in subchapter 8.
- 102 21 c. Change quorum or voting requirements for its board or  
102 22 members; change provisions for selection, resignation, or  
102 23 removal of its directors or officers or both; or change  
102 24 provisions for amending its bylaws.
- 102 25 d. Prevent commencement of a proceeding by or against the  
102 26 corporation in its corporate name.
- 102 27 e. Abate or suspend a proceeding pending by or against the  
102 28 corporation on the effective date of dissolution.
- 102 29 f. Terminate the authority of the registered agent.

102 30 Sec. 144. NEW SECTION. 504A.1407 KNOWN CLAIMS AGAINST  
102 31 DISSOLVED CORPORATION.

102 32 1. A dissolved corporation may dispose of the known claims  
102 33 against it by following the procedure described in this  
102 34 section.

102 35 2. The dissolved corporation shall notify its known  
103 1 claimants in writing of the dissolution at any time after the  
103 2 effective date of the dissolution. The written notice must do  
103 3 all of the following:

- 103 4 a. Describe information that must be included in a claim.
- 103 5 b. Provide a mailing address where a claim may be sent.
- 103 6 c. State the deadline, which shall not be fewer than one  
103 7 hundred twenty days from the effective date of the written  
103 8 notice, by which the dissolved corporation must receive the  
103 9 claim.

103 10 d. State that the claim will be barred if not received by  
103 11 the deadline.

103 12 3. A claim against the dissolved corporation is barred if  
103 13 either of the following occurs:

- 103 14 a. A claimant who was given written notice under  
103 15 subsection 2 does not deliver the claim to the dissolved  
103 16 corporation by the deadline.
- 103 17 b. A claimant whose claim was rejected by the dissolved  
103 18 corporation does not commence a proceeding to enforce the  
103 19 claim within ninety days from the effective date of the  
103 20 rejection notice.

103 21 4. For purposes of this section, "claim" does not include  
103 22 a contingent liability or a claim based on an event occurring  
103 23 after the effective date of dissolution.

103 24 Sec. 145. NEW SECTION. 504A.1408 UNKNOWN CLAIMS AGAINST  
103 25 DISSOLVED CORPORATION.

103 26 1. A dissolved corporation may also publish notice of its  
103 27 dissolution and request that persons with claims against the  
103 28 corporation present them in accordance with the notice.

103 29 2. The notice must do all of the following:

103 30 a. Be published one time in a newspaper of general  
103 31 circulation in the county where the dissolved corporation's  
103 32 principal office is located, or, if none is located in this  
103 33 state, where its registered office is or was last located.

103 34 b. Describe the information that must be included in a  
103 35 claim and provide a mailing address where the claim may be  
104 1 sent.

104 2 c. State that a claim against the corporation will be  
104 3 barred unless a proceeding to enforce the claim is commenced  
104 4 within five years after publication of the notice.

104 5 3. If the dissolved corporation publishes a newspaper  
104 6 notice in accordance with subsection 2, the claim of each of  
104 7 the following claimants is barred unless the claimant  
104 8 commences a proceeding to enforce the claim against the  
104 9 dissolved corporation within five years after the publication  
104 10 date of the newspaper notice:

104 11 a. A claimant who did not receive written notice under  
104 12 section 504A.1407.

104 13 b. A claimant whose claim was timely sent to the dissolved  
104 14 corporation but not acted on.

104 15 c. A claimant whose claim is contingent or based on an  
104 16 event occurring after the effective date of dissolution.

104 17 4. A claim may be enforced under this section to the  
104 18 following extent, as applicable:  
104 19 a. Against the dissolved corporation, to the extent of its  
104 20 undistributed assets.  
104 21 b. If the assets have been distributed in liquidation,  
104 22 against any person, other than a creditor of the corporation,  
104 23 to whom the corporation distributed its property to the extent  
104 24 of the distributee's pro rata share of the claim or the  
104 25 corporate assets distributed to such person in liquidation,  
104 26 whichever is less, but the distributee's total liability for  
104 27 all claims under this section shall not exceed the total  
104 28 amount of assets distributed to the distributee.

104 29 PART 2

104 30 ADMINISTRATIVE DISSOLUTION

104 31 Sec. 146. NEW SECTION. 504A.1421 GROUNDS FOR  
104 32 ADMINISTRATIVE DISSOLUTION.

104 33 The secretary of state may commence a proceeding under  
104 34 section 504A.1422 to administratively dissolve a corporation  
104 35 if any of the following occurs:

105 1 1. The corporation does not deliver its biennial report to  
105 2 the secretary of state, in a form that meets the requirements  
105 3 of section 504A.1613, within sixty days after the report is  
105 4 due.

105 5 2. The corporation is without a registered agent or  
105 6 registered office in this state for sixty days or more.

105 7 3. The corporation does not notify the secretary of state  
105 8 within sixty days that its registered agent or registered  
105 9 office has been changed, that its registered agent has  
105 10 resigned, or that its registered office has been discontinued.

105 11 4. The corporation's period of duration, if any, stated in  
105 12 its articles of incorporation expires.

105 13 Sec. 147. NEW SECTION. 504A.1422 PROCEDURE FOR AND  
105 14 EFFECT OF ADMINISTRATIVE DISSOLUTION.

105 15 1. Upon determining that one or more grounds exist under  
105 16 section 504A.1421 for dissolving a corporation, the secretary  
105 17 of state shall serve the corporation with written notice of  
105 18 that determination under section 504A.504, and in the case of  
105 19 a public benefit corporation shall notify the attorney general  
105 20 in writing of that determination.

105 21 2. If the corporation does not correct each ground for  
105 22 dissolution or demonstrate to the reasonable satisfaction of  
105 23 the secretary of state that each ground determined by the  
105 24 secretary of state does not exist within at least sixty days  
105 25 after service of notice is perfected under section 504A.504,  
105 26 the secretary of state may administratively dissolve the  
105 27 corporation by signing a certificate of dissolution that  
105 28 recites the ground or grounds for dissolution and its  
105 29 effective date. The secretary of state shall file the  
105 30 original of the certificate of dissolution and serve a copy on  
105 31 the corporation under section 504A.504, and in the case of a  
105 32 public benefit corporation shall notify the attorney general  
105 33 in writing of the dissolution.

105 34 3. A corporation administratively dissolved continues its  
105 35 corporate existence but may not carry on any activities except  
106 1 those necessary to wind up and liquidate its affairs pursuant  
106 2 to section 504A.1406 and notify its claimants pursuant to  
106 3 sections 504A.1407 and 504A.1408.

106 4 4. The administrative dissolution of a corporation does  
106 5 not terminate the authority of its registered agent.

106 6 5. The secretary of state's administrative dissolution of  
106 7 a corporation pursuant to this section appoints the secretary  
106 8 of state as the corporation's agent for service of process in  
106 9 any proceeding based on a cause of action which arose during  
106 10 the time the corporation was authorized to transact business  
106 11 in this state. Service of process on the secretary of state  
106 12 under this subsection is service on the corporation. Upon  
106 13 receipt of process, the secretary of state shall serve a copy  
106 14 of the process on the corporation as provided in section  
106 15 504A.504. This subsection does not preclude service on the  
106 16 corporation's registered agent, if any.

106 17 Sec. 148. NEW SECTION. 504A.1423 REINSTATEMENT FOLLOWING  
106 18 ADMINISTRATIVE DISSOLUTION.

106 19 1. A corporation administratively dissolved under section  
106 20 504A.1422 may apply to the secretary of state for  
106 21 reinstatement within two years after the effective date of  
106 22 dissolution. The application must state all of the following:

106 23 a. The name of the corporation and the effective date of  
106 24 its administrative dissolution.

106 25 b. That the ground or grounds for dissolution either did  
106 26 not exist or have been eliminated.

106 27 c. That the corporation's name satisfies the requirements

106 28 of section 504A.401.

106 29 d. The federal tax identification number of the  
106 30 corporation.

106 31 2. a. The secretary of state shall refer the federal tax  
106 32 identification number contained in the application for  
106 33 reinstatement to the department of revenue and finance. The  
106 34 department of revenue and finance shall report to the  
106 35 secretary of state the tax status of the corporation. If the  
107 1 department reports to the secretary of state that a filing  
107 2 delinquency or liability exists against the corporation, the  
107 3 secretary of state shall not cancel the certificate of  
107 4 dissolution until the filing delinquency or liability is  
107 5 satisfied.

107 6 b. If the secretary of state determines that the  
107 7 application contains the information required by subsection 1,  
107 8 that a delinquency or liability reported pursuant to paragraph  
107 9 "a" has been satisfied, and that all of the application  
107 10 information is correct, the secretary of state shall cancel  
107 11 the certificate of dissolution and prepare a certificate of  
107 12 reinstatement reciting that determination and the effective  
107 13 date of reinstatement, file the original of the certificate,  
107 14 and serve a copy on the corporation under section 504A.504.  
107 15 If the corporate name in subsection 1, paragraph "c", is  
107 16 different from the corporate name in subsection 1, paragraph  
107 17 "a", the certificate of reinstatement shall constitute an  
107 18 amendment to the articles of incorporation insofar as it  
107 19 pertains to the corporate name.

107 20 3. When reinstatement is effective, it relates back to and  
107 21 takes effect as of the effective date of the administrative  
107 22 dissolution and the corporation shall resume carrying on its  
107 23 activities as if the administrative dissolution had never  
107 24 occurred.

107 25 Sec. 149. NEW SECTION. 504A.1424 APPEAL FROM DENIAL OF  
107 26 REINSTATEMENT.

107 27 1. The secretary of state, upon denying a corporation's  
107 28 application for reinstatement following administrative  
107 29 dissolution, shall serve the corporation under section  
107 30 504A.504 with a written notice that explains the reason or  
107 31 reasons for denial.

107 32 2. The corporation may appeal the denial of reinstatement  
107 33 to the district court within ninety days after service of the  
107 34 notice of denial is perfected by petitioning to set aside the  
107 35 dissolution and attaching to the petition copies of the  
108 1 secretary of state's certificate of dissolution, the  
108 2 corporation's application for reinstatement, and the secretary  
108 3 of state's notice of denial of reinstatement.

108 4 3. The court may summarily order the secretary of state to  
108 5 reinstate the dissolved corporation or may take other action  
108 6 the court considers appropriate.

108 7 4. The court's final decision may be appealed as in other  
108 8 civil proceedings.

108 9  
108 10 PART 3  
108 11 JUDICIAL DISSOLUTION

108 12 Sec. 150. NEW SECTION. 504A.1431 GROUNDS FOR JUDICIAL  
108 13 DISSOLUTION.

108 14 1. The district court may dissolve a corporation in any of  
108 15 the following ways:

108 16 a. In a proceeding brought by the attorney general, if any  
108 17 of the following is established:

108 18 (1) The corporation obtained its articles of incorporation  
108 19 through fraud.

108 20 (2) The corporation has continued to exceed or abuse the  
108 21 authority conferred upon it by law.

108 22 (3) The corporation is a public benefit corporation and  
108 23 the corporate assets are being misapplied or wasted.

108 24 (4) The corporation is a public benefit corporation and is  
108 25 no longer able to carry out its purposes.

108 26 b. Except as provided in the articles or bylaws of a  
108 27 religious corporation, in a proceeding brought by fifty  
108 28 members or members holding five percent of the voting power,  
108 29 whichever is less, or by a director or any person specified in  
108 30 the articles, if any of the following is established:

108 31 (1) The directors are deadlocked in the management of the  
108 32 corporate affairs, and the members, if any, are unable to  
108 33 break the deadlock.

108 34 (2) The directors or those in control of the corporation  
108 35 have acted, are acting, or will act in a manner that is  
108 36 illegal, oppressive, or fraudulent.

109 1 (3) The members are deadlocked in voting power and have  
109 2 failed, for a period that includes at least two consecutive  
109 3 annual meeting dates, to elect successors to directors whose

4 terms have, or would otherwise have, expired.

109 5 (4) The corporate assets are being misapplied or wasted.

109 6 (5) The corporation is a public benefit or religious

109 7 corporation and is no longer able to carry out its purposes.

109 8 c. In a proceeding brought by a creditor, if either of the

109 9 following is established:

109 10 (1) The creditor's claim has been reduced to judgment, the

109 11 execution on the judgment is returned unsatisfied, and the

109 12 corporation is insolvent.

109 13 (2) The corporation has admitted in writing that the

109 14 creditor's claim is due and owing and the corporation is

109 15 insolvent.

109 16 d. In a proceeding brought by the corporation to have its

109 17 voluntary dissolution continued under court supervision.

109 18 2. Prior to dissolving a corporation, the court shall

109 19 consider whether:

109 20 a. There are reasonable alternatives to dissolution.

109 21 b. Dissolution is in the public interest, if the

109 22 corporation is a public benefit corporation.

109 23 c. Dissolution is the best way of protecting the interests

109 24 of members, if the corporation is a mutual benefit

109 25 corporation.

109 26 Sec. 151. NEW SECTION. 504A.1432 PROCEDURE FOR JUDICIAL

109 27 DISSOLUTION.

109 28 1. Venue for a proceeding brought by the attorney general

109 29 to dissolve a corporation lies in Polk county. Venue for a

109 30 proceeding brought by any other party named in section

109 31 504A.1431 lies in the county where a corporation's principal

109 32 office is located or, if none is located in this state, where

109 33 its registered office is or was last located.

109 34 2. It is not necessary to make directors or members

109 35 parties to a proceeding to dissolve a corporation unless

110 1 relief is sought against them individually.

110 2 3. A court in a proceeding brought to dissolve a

110 3 corporation may issue injunctions, appoint a receiver or

110 4 custodian pendente lite with all powers and duties the court

110 5 directs, take other action required to preserve the corporate

110 6 assets wherever located, or carry on the activities of the

110 7 corporation until a full hearing can be held.

110 8 4. A person other than the attorney general who brings an

110 9 involuntary dissolution proceeding for a public benefit or

110 10 religious corporation shall immediately give written notice of

110 11 the proceeding to the attorney general who may then intervene.

110 12 Sec. 152. NEW SECTION. 504A.1433 RECEIVERSHIP OR

110 13 CUSTODIANSHIP.

110 14 1. A court in a judicial proceeding brought to dissolve a

110 15 public benefit or mutual benefit corporation may appoint one

110 16 or more receivers to wind up and liquidate, or one or more

110 17 custodians to manage, the affairs of the corporation. The

110 18 court shall hold a hearing, after notifying all parties to the

110 19 proceeding and any interested persons designated by the court,

110 20 before appointing a receiver or custodian. The court

110 21 appointing a receiver or custodian has exclusive jurisdiction

110 22 over the corporation and all of its property wherever located.

110 23 2. The court may appoint an individual, or a domestic or

110 24 foreign business or nonprofit corporation authorized to

110 25 transact business in this state as a receiver or custodian.

110 26 The court may require the receiver or custodian to post bond,

110 27 with or without sureties, in an amount the court directs.

110 28 3. The court shall describe the powers and duties of the

110 29 receiver or custodian in its appointing order, which may be

110 30 amended including the following:

110 31 a. The receiver or custodian may dispose of all or any

110 32 part of the assets of the corporation wherever located, at a

110 33 public or private sale, if authorized by the court. However,

110 34 the receiver's or custodian's power to dispose of the assets

110 35 of the corporation is subject to any trust and other

111 1 restrictions that would be applicable to the corporation. The

111 2 receiver or custodian may sue and defend in the receiver's or

111 3 custodian's name as receiver or custodian of the corporation,

111 4 as applicable, in all courts of this state.

111 5 b. The custodian may exercise all of the powers of the

111 6 corporation, through or in place of its board of directors or

111 7 officers, to the extent necessary to manage the affairs of the

111 8 corporation in the best interests of its members and

111 9 creditors.

111 10 4. The court during a receivership may redesignate the

111 11 receiver a custodian, and during a custodianship may

111 12 redesignate the custodian a receiver, if doing so is in the

111 13 best interests of the corporation, its members, and creditors.

111 14 5. The court during the receivership or custodianship may

111 15 order compensation paid and expense disbursements or  
111 16 reimbursements made to the receiver or custodian and to the  
111 17 receiver's or custodian's attorney from the assets of the  
111 18 corporation or proceeds from the sale of the assets.  
111 19 Sec. 153. NEW SECTION. 504A.1434 DECREE OF DISSOLUTION.  
111 20 1. If after a hearing the court determines that one or  
111 21 more grounds for judicial dissolution described in section  
111 22 504A.1431 exist, the court may enter a decree dissolving the  
111 23 corporation and specifying the effective date of the  
111 24 dissolution, and the clerk of the court shall deliver a  
111 25 certified copy of the decree to the secretary of state, who  
111 26 shall file it.  
111 27 2. After entering the decree of dissolution, the court  
111 28 shall direct the winding up of the corporation's affairs and  
111 29 liquidation of the corporation in accordance with section  
111 30 504A.1406 and the notification of its claimants in accordance  
111 31 with sections 504A.1407 and 504A.1408.

111 32 PART 4

111 33 MISCELLANEOUS

111 34 Sec. 154. NEW SECTION. 504A.1441 DEPOSIT WITH STATE  
111 35 TREASURER.

112 1 Assets of a dissolved corporation which should be  
112 2 transferred to a creditor, claimant, or member of the  
112 3 corporation who cannot be found or who is not competent to  
112 4 receive them shall be reduced to cash subject to known trust  
112 5 restrictions and deposited with the treasurer of state for  
112 6 safekeeping. However, in the treasurer of state's discretion,  
112 7 property may be received and held in kind. When the creditor,  
112 8 claimant, or member furnishes satisfactory proof of  
112 9 entitlement to the amount deposited or property held in kind,  
112 10 the treasurer of state shall deliver to the creditor, member,  
112 11 or other person or to the representative of the creditor,  
112 12 member, or other person that amount or property.

112 13 SUBCHAPTER XV

112 14 FOREIGN CORPORATIONS

112 15 PART 1

112 16 CERTIFICATE OF AUTHORITY

112 17 Sec. 155. NEW SECTION. 504A.1501 AUTHORITY TO TRANSACT  
112 18 BUSINESS REQUIRED.

112 19 1. A foreign corporation shall not transact business in  
112 20 this state until it obtains a certificate of authority from  
112 21 the secretary of state.

112 22 2. The following activities, among others, do not  
112 23 constitute transacting business within the meaning of  
112 24 subsection 1:

112 25 a. Maintaining, defending, or settling any proceeding.

112 26 b. Holding meetings of the board of directors or members  
112 27 or carrying on other activities concerning internal corporate  
112 28 affairs.

112 29 c. Maintaining bank accounts.

112 30 d. Maintaining offices or agencies for the transfer,  
112 31 exchange, or registration of memberships or securities or  
112 32 maintaining trustees or depositaries with respect to those  
112 33 securities.

112 34 e. Selling through independent contractors.

112 35 f. Soliciting or obtaining orders, whether by mail or  
113 1 through employees or agents or otherwise, if the orders  
113 2 require acceptance outside this state before they become  
113 3 contracts.

113 4 g. Creating or acquiring indebtedness, mortgages, or  
113 5 security interests in real or personal property.

113 6 h. Securing or collecting debts or enforcing mortgages or  
113 7 security interests in property securing the debts.

113 8 i. Owning, without more, real or personal property.

113 9 j. Conducting an isolated transaction that is completed  
113 10 within thirty days and that is not one in the course of  
113 11 repeated transactions of a like nature.

113 12 k. Transacting business in interstate commerce.

113 13 Sec. 156. NEW SECTION. 504A.1502 CONSEQUENCES OF  
113 14 TRANSACTING BUSINESS WITHOUT AUTHORITY.

113 15 1. A foreign corporation transacting business in this  
113 16 state without a certificate of authority shall not maintain a  
113 17 proceeding in any court in this state until it obtains a  
113 18 certificate of authority.

113 19 2. The successor to a foreign corporation that transacted  
113 20 business in this state without a certificate of authority and  
113 21 the assignee of a cause of action arising out of that business  
113 22 shall not maintain a proceeding on that cause of action in any  
113 23 court in this state until the foreign corporation or its  
113 24 successor obtains a certificate of authority.

113 25 3. A court may stay a proceeding commenced by a foreign

113 26 corporation, its successor, or assignee until the court  
113 27 determines whether the foreign corporation or its successor  
113 28 requires a certificate of authority. If it so determines, the  
113 29 court may further stay the proceeding until the foreign  
113 30 corporation or its successor obtains the certificate.

113 31 4. A foreign corporation is liable for a civil penalty of  
113 32 an amount not to exceed a total of one thousand dollars if it  
113 33 transacts business in this state without a certificate of  
113 34 authority. The attorney general may collect all penalties due  
113 35 under this subsection.

114 1 5. Notwithstanding subsections 1 and 2, the failure of a  
114 2 foreign corporation to obtain a certificate of authority does  
114 3 not impair the validity of its corporate acts or prevent it  
114 4 from defending any proceeding in this state.

114 5 Sec. 157. NEW SECTION. 504A.1503 APPLICATION FOR  
114 6 CERTIFICATE OF AUTHORITY.

114 7 1. A foreign corporation may apply for a certificate of  
114 8 authority to transact business in this state by delivering an  
114 9 application to the secretary of state. The application must  
114 10 set forth all of the following:

114 11 a. The name of the foreign corporation or, if its name is  
114 12 unavailable for use in this state, a corporate name that  
114 13 satisfies the requirements of section 504A.1506.

114 14 b. The name of the state or country under whose law it is  
114 15 incorporated.

114 16 c. The date of incorporation and period of duration.

114 17 d. The address of its principal office.

114 18 e. The address of its registered office in this state and  
114 19 the name of its registered agent at that office.

114 20 f. The names and usual business or home addresses of its  
114 21 current directors and officers.

114 22 g. Whether the foreign corporation has members.

114 23 h. Whether the corporation, if it had been incorporated in  
114 24 this state, would be a public benefit, mutual benefit, or  
114 25 religious corporation.

114 26 2. The foreign corporation shall deliver the completed  
114 27 application to the secretary of state, and shall also deliver  
114 28 to the secretary of state a certificate of existence or a  
114 29 document of similar import duly authenticated by the secretary  
114 30 of state or other official having custody of corporate records  
114 31 in the state or country under whose law it is incorporated  
114 32 which is dated no earlier than ninety days prior to the date  
114 33 the application is filed with the secretary of state.

114 34 Sec. 158. NEW SECTION. 504A.1504 AMENDED CERTIFICATE OF  
114 35 AUTHORITY.

115 1 1. A foreign corporation authorized to transact business  
115 2 in this state shall obtain an amended certificate of authority  
115 3 from the secretary of state if it changes any of the  
115 4 following:

115 5 a. Its corporate name.

115 6 b. The period of its duration.

115 7 c. The state or country of its incorporation.

115 8 2. The requirements of section 504A.1503 for obtaining an  
115 9 original certificate of authority apply to obtaining an  
115 10 amended certificate under this section.

115 11 Sec. 159. NEW SECTION. 504A.1505 EFFECT OF CERTIFICATE  
115 12 OF AUTHORITY.

115 13 1. A certificate of authority authorizes the foreign  
115 14 corporation to which it is issued to transact business in this  
115 15 state subject, however, to the right of the state to revoke  
115 16 the certificate as provided in this chapter.

115 17 2. A foreign corporation with a valid certificate of  
115 18 authority has the same rights and has the same privileges as  
115 19 and, except as otherwise provided by this chapter, is subject  
115 20 to the same duties, restrictions, penalties, and liabilities  
115 21 now or later imposed on a domestic corporation of like  
115 22 character.

115 23 3. This chapter does not authorize this state to regulate  
115 24 the organization or internal affairs of a foreign corporation  
115 25 authorized to transact business in this state.

115 26 Sec. 160. NEW SECTION. 504A.1506 CORPORATE NAME OF  
115 27 FOREIGN CORPORATION.

115 28 1. If the corporate name of a foreign corporation does not  
115 29 satisfy the requirements of section 504A.401, the foreign  
115 30 corporation, to obtain or maintain a certificate of authority  
115 31 to transact business in this state, may use a fictitious name  
115 32 to transact business in this state if the corporation's real  
115 33 name is unavailable and it delivers to the secretary of state  
115 34 for filing a copy of the resolution of its board of directors,  
115 35 certified by its secretary, adopting the fictitious name.

116 1 2. Except as authorized by subsections 3 and 4, the

116 2 corporate name of a foreign corporation, including a  
116 3 fictitious name, must be distinguishable upon the records of  
116 4 the secretary of state from all of the following:  
116 5 a. The corporate name of a nonprofit or business  
116 6 corporation incorporated or authorized to transact business in  
116 7 this state.  
116 8 b. A corporate name reserved or registered under section  
116 9 504A.402 or 504A.403 or section 490.402 or 490.403.  
116 10 c. The fictitious name of another foreign business or  
116 11 nonprofit corporation authorized to transact business in this  
116 12 state.  
116 13 3. A foreign corporation may apply to the secretary of  
116 14 state for authorization to use in this state the name of  
116 15 another corporation incorporated or authorized to transact  
116 16 business in this state that is not distinguishable upon the  
116 17 records of the secretary of state from the name applied for.  
116 18 The secretary of state shall authorize use of the name applied  
116 19 for if either of the following applies:  
116 20 a. The other corporation consents to the use in writing  
116 21 and submits an undertaking in a form satisfactory to the  
116 22 secretary of state to change its name to a name that is  
116 23 distinguishable upon the records of the secretary of state  
116 24 from the name of the applying corporation.  
116 25 b. The applicant delivers to the secretary of state a  
116 26 certified copy of a final judgment of a court of competent  
116 27 jurisdiction establishing the applicant's right to use the  
116 28 name applied for in this state.  
116 29 4. A foreign corporation may use in this state the name,  
116 30 including the fictitious name, of another domestic or foreign  
116 31 business or nonprofit corporation that is used in this state  
116 32 if the other corporation is incorporated or authorized to  
116 33 transact business in this state and the foreign corporation  
116 34 has filed documentation satisfactory to the secretary of state  
116 35 of the occurrence of any of the following:  
117 1 a. The foreign corporation has merged with the other  
117 2 corporation.  
117 3 b. The foreign corporation has been formed by  
117 4 reorganization of the other corporation.  
117 5 c. The foreign corporation has acquired all or  
117 6 substantially all of the assets, including the corporate name,  
117 7 of the other corporation.  
117 8 5. If a foreign corporation authorized to transact  
117 9 business in this state changes its corporate name to one that  
117 10 does not satisfy the requirements of section 504A.401, it  
117 11 shall not transact business in this state under the changed  
117 12 name until it adopts a name satisfying the requirements of  
117 13 section 504A.401 and obtains an amended certificate of  
117 14 authority under section 504A.1504.  
117 15 Sec. 161. NEW SECTION. 504A.1507 REGISTERED OFFICE AND  
117 16 REGISTERED AGENT OF FOREIGN CORPORATION.  
117 17 Each foreign corporation authorized to transact business in  
117 18 this state shall continuously maintain in this state both of  
117 19 the following:  
117 20 1. A registered office with the same address as that of  
117 21 its registered agent.  
117 22 2. A registered agent, who may be any of the following:  
117 23 a. An individual who resides in this state and whose  
117 24 office is identical to the registered office.  
117 25 b. A domestic business or nonprofit corporation whose  
117 26 office is identical to the registered office.  
117 27 c. A foreign business or nonprofit corporation authorized  
117 28 to transact business in this state whose office is identical  
117 29 to the registered office.  
117 30 Sec. 162. NEW SECTION. 504A.1508 CHANGE OF REGISTERED  
117 31 OFFICE OR REGISTERED AGENT OF FOREIGN CORPORATION.  
117 32 1. A foreign corporation authorized to transact business  
117 33 in this state may change its registered office or registered  
117 34 agent by delivering to the secretary of state for filing a  
117 35 statement of change that sets forth all of the following that  
118 1 apply:  
118 2 a. The name of its registered office or registered agent.  
118 3 b. If the current registered office is to be changed, the  
118 4 address of its new registered office.  
118 5 c. If the current registered agent is to be changed, the  
118 6 name of its new registered agent and the new agent's written  
118 7 consent to the appointment, either on the statement or  
118 8 attached to it.  
118 9 d. That after the change or changes are made, the  
118 10 addresses of its registered office and the office of its  
118 11 registered agent will be identical.  
118 12 2. If a registered agent changes the address of its

118 13 business office, the agent may change the address of the  
118 14 registered office of any foreign corporation for which the  
118 15 agent is the registered agent by notifying the corporation in  
118 16 writing of the change and signing either manually or in  
118 17 facsimile and delivering to the secretary of state for filing  
118 18 a statement of change that complies with the requirements of  
118 19 subsection 1 and recites that the corporation has been  
118 20 notified of the change.

118 21 3. If a registered agent changes the registered agent's  
118 22 business address to another place, the registered agent may  
118 23 change the address of the registered office of any corporation  
118 24 for which the registered agent is the registered agent by  
118 25 filing a statement as required in subsection 2 for each  
118 26 corporation, or by filing a single statement for all  
118 27 corporations named in the notice, except that it must be  
118 28 signed either manually or in facsimile only by the registered  
118 29 agent and must recite that a copy of the statement has been  
118 30 mailed to each corporation named in the notice.

118 31 4. A corporation may also change its registered office or  
118 32 registered agent in its biennial report as provided in section  
118 33 504A.1613.

118 34 Sec. 163. NEW SECTION. 504A.1509 RESIGNATION OF  
118 35 REGISTERED AGENT OF FOREIGN CORPORATION.

119 1 1. The registered agent of a foreign corporation may  
119 2 resign as agent by signing and delivering to the secretary of  
119 3 state for filing the original statement of resignation. The  
119 4 statement of resignation may include a statement that the  
119 5 registered office is also discontinued.

119 6 The registered agent shall send a copy of the statement of  
119 7 resignation by certified mail to the corporation at its  
119 8 principal office and to the registered office, if not  
119 9 discontinued. The registered agent shall certify to the  
119 10 secretary of state that the copies have been sent to the  
119 11 corporation, including the date the copies were sent.

119 12 2. The agency appointment is terminated, and the  
119 13 registered office discontinued if so provided, on the date on  
119 14 which the statement is filed with the secretary of state.

119 15 Sec. 164. NEW SECTION. 504A.1510 SERVICE ON FOREIGN  
119 16 CORPORATION.

119 17 1. The registered agent of a foreign corporation  
119 18 authorized to transact business in this state is the  
119 19 corporation's agent for service of process, notice, or demand  
119 20 required or permitted by law to be served on the foreign  
119 21 corporation.

119 22 2. A foreign corporation may be served by registered or  
119 23 certified mail, return receipt requested, addressed to the  
119 24 secretary of the foreign corporation at its principal office  
119 25 shown in its application for a certificate of authority or in  
119 26 its most recent biennial report filed under section 504A.1613  
119 27 if any of the following conditions apply:

119 28 a. The foreign corporation has no registered agent or its  
119 29 registered agent cannot with reasonable diligence be served.

119 30 b. The foreign corporation has withdrawn from transacting  
119 31 business in this state under section 504A.1521.

119 32 c. The foreign corporation has had its certificate of  
119 33 authority revoked under section 504A.1532.

119 34 3. Service is perfected under subsection 2 at the earliest  
119 35 of any of the following:

120 1 a. The date the foreign corporation receives the mail.

120 2 b. The date shown on the return receipt, if signed on  
120 3 behalf of the foreign corporation.

120 4 c. Five days after its deposit in the United States mail,  
120 5 as evidenced by the postmark, if mailed postpaid and correctly  
120 6 addressed.

120 7 4. This section does not prescribe the only means, or  
120 8 necessarily the required means, of serving a foreign  
120 9 corporation. A foreign corporation may also be served in any  
120 10 other manner permitted by law.

120 11 PART 2  
120 12 WITHDRAWAL

120 13 Sec. 165. NEW SECTION. 504A.1521 WITHDRAWAL OF FOREIGN  
120 14 CORPORATION.

120 15 1. A foreign corporation authorized to transact business  
120 16 in this state shall not withdraw from this state until it  
120 17 obtains a certificate of withdrawal from the secretary of  
120 18 state.

120 19 2. A foreign corporation authorized to transact business  
120 20 in this state may apply for a certificate of withdrawal by  
120 21 delivering an application to the secretary of state for  
120 22 filing. The application shall set forth all of the following:

120 23 a. The name of the foreign corporation and the name of the

120 24 state or country under whose law it is incorporated.  
120 25 b. That it is not transacting business in this state and  
120 26 that it surrenders its authority to transact business in this  
120 27 state.  
120 28 c. That it revokes the authority of its registered agent  
120 29 to accept service on its behalf and appoints the secretary of  
120 30 state as its agent for service of process in any proceeding  
120 31 based on a cause of action arising during the time it was  
120 32 authorized to do business in this state.  
120 33 d. A mailing address to which the secretary of state may  
120 34 mail a copy of any process served on the secretary of state  
120 35 under paragraph "c".  
121 1 3. After the withdrawal of the corporation is effective,  
121 2 service of process on the secretary of state under this  
121 3 section is service on the foreign corporation. Upon receipt  
121 4 of process, the secretary of state shall mail a copy of the  
121 5 process to the foreign corporation at the mailing address set  
121 6 forth in its application for withdrawal.

#### 121 7 PART 3

#### 121 8 REVOCATION OF CERTIFICATE OF AUTHORITY

#### 121 9 Sec. 166. NEW SECTION. 504A.1531 GROUNDS FOR REVOCATION.

121 10 1. The secretary of state may commence a proceeding under  
121 11 section 504A.1532 to revoke the certificate of authority of a  
121 12 foreign corporation authorized to transact business in this  
121 13 state if any of the following applies:

121 14 a. The foreign corporation does not deliver the biennial  
121 15 report to the secretary of state in a form that meets the  
121 16 requirements of section 504A.1613 within sixty days after it  
121 17 is due.

121 18 b. The foreign corporation is without a registered agent  
121 19 or registered office in this state for sixty days or more.

121 20 c. The foreign corporation does not inform the secretary  
121 21 of state under section 504A.1508 or 504A.1509 that its  
121 22 registered agent or registered office has changed, that its  
121 23 registered agent has resigned, or that its registered office  
121 24 has been discontinued within ninety days of the change,  
121 25 resignation, or discontinuance.

121 26 d. An incorporator, director, officer, or agent of the  
121 27 foreign corporation signed a document that such person knew  
121 28 was false in any material respect with intent that the  
121 29 document be delivered to the secretary of state for filing.

121 30 e. The secretary of state receives a duly authenticated  
121 31 certificate from the secretary of state or other official  
121 32 having custody of corporate records in the state or country  
121 33 under whose law the foreign corporation is incorporated,  
121 34 stating that it has been dissolved or disappeared as the  
121 35 result of a merger.

122 1 2. The attorney general may commence a proceeding under  
122 2 section 504A.1532 to revoke the certificate of authority of a  
122 3 foreign corporation authorized to transact business in this  
122 4 state if any of the following applies:

122 5 a. The corporation has continued to exceed or abuse the  
122 6 authority conferred upon it by law.

122 7 b. The corporation would have been a public benefit  
122 8 corporation had it been incorporated in this state and its  
122 9 corporate assets in this state are being misapplied or wasted.

122 10 c. The corporation would have been a public benefit  
122 11 corporation had it been incorporated in this state and it is  
122 12 no longer able to carry out its purposes.

#### 122 13 Sec. 167. NEW SECTION. 504A.1532 PROCEDURE FOR AND 122 14 EFFECT OF REVOCATION.

122 15 1. The secretary of state, upon determining that one or  
122 16 more grounds exist under section 504A.1531 for revocation of a  
122 17 certificate of authority, shall serve the foreign corporation  
122 18 with written notice of that determination under section  
122 19 504A.1510.

122 20 2. The attorney general, upon determining that one or more  
122 21 grounds exist under section 504A.1531, subsection 2, for  
122 22 revocation of a certificate of authority, shall request the  
122 23 secretary of state to serve, and the secretary of state shall  
122 24 serve, the foreign corporation with written notice of that  
122 25 determination under section 504A.1510.

122 26 3. If the foreign corporation does not correct each ground  
122 27 for revocation or demonstrate to the reasonable satisfaction  
122 28 of the secretary of state or attorney general that each ground  
122 29 for revocation determined by the secretary of state or  
122 30 attorney general does not exist within sixty days after  
122 31 service of the notice is perfected under section 504A.1510,  
122 32 the secretary of state may revoke the foreign corporation's  
122 33 certificate of authority by signing a certificate of  
122 34 revocation that recites the ground or grounds for revocation

122 35 and its effective date. The secretary of state shall file the  
123 1 original of the certificate and serve a copy on the foreign  
123 2 corporation under section 504A.1510.

123 3 4. The authority of a foreign corporation to transact  
123 4 business in this state ceases on the date shown on the  
123 5 certificate revoking its certificate of authority.

123 6 5. The secretary of state's revocation of a foreign  
123 7 corporation's certificate of authority appoints the secretary  
123 8 of state the foreign corporation's agent for service of  
123 9 process in any proceeding based on a cause of action that  
123 10 arose during the time the foreign corporation was authorized  
123 11 to transact business in this state. Service of process on the  
123 12 secretary of state under this subsection is service on the  
123 13 foreign corporation. Upon receipt of process, the secretary  
123 14 of state shall mail a copy of the process to the secretary of  
123 15 the foreign corporation at its principal office shown in its  
123 16 most recent biennial report or in any subsequent  
123 17 communications received from the corporation stating the  
123 18 current mailing address of its principal office, or, if none  
123 19 are on file, in its application for a certificate of  
123 20 authority.

123 21 6. Revocation of a foreign corporation's certificate of  
123 22 authority does not terminate the authority of the registered  
123 23 agent of the corporation.

123 24 Sec. 168. NEW SECTION. 504A.1533 APPEAL FROM REVOCATION.

123 25 1. A foreign corporation may appeal the secretary of  
123 26 state's revocation of its certificate of authority to the  
123 27 district court within thirty days after the service of the  
123 28 certificate of revocation is perfected under section 504A.1510  
123 29 by petitioning to set aside the revocation and attaching to  
123 30 the petition copies of its certificate of authority and the  
123 31 secretary of state's certificate of revocation.

123 32 2. The court may summarily order the secretary of state to  
123 33 reinstate the certificate of authority or may take any other  
123 34 action the court considers appropriate.

123 35 3. The court's final decision may be appealed as in other  
124 1 civil proceedings.

124 2 SUBCHAPTER XVI  
124 3 RECORDS AND REPORTS

124 4 PART 1  
124 5 RECORDS

124 6 Sec. 169. NEW SECTION. 504A.1601 CORPORATE RECORDS.

124 7 1. A corporation shall keep as permanent records minutes  
124 8 of all meetings of its members and board of directors, a  
124 9 record of all actions taken by the members or directors  
124 10 without a meeting, and a record of all actions taken by  
124 11 committees of the board of directors as authorized by section  
124 12 504A.826, subsection 4.

124 13 2. A corporation shall maintain appropriate accounting  
124 14 records.

124 15 3. A corporation or its agent shall maintain a record of  
124 16 its members in a form that permits preparation of a list of  
124 17 the names and addresses of all members, in alphabetical order  
124 18 by class, showing the number of votes each member is entitled  
124 19 to vote.

124 20 4. A corporation shall maintain its records in written  
124 21 form or in another form capable of conversion into written  
124 22 form within a reasonable time.

124 23 5. A corporation shall keep a copy of all of the following  
124 24 records:

124 25 a. Its articles or restated articles of incorporation and  
124 26 all amendments to them currently in effect.

124 27 b. Its bylaws or restated bylaws and all amendments to  
124 28 them currently in effect.

124 29 c. Resolutions adopted by its board of directors relating  
124 30 to the characteristics, qualifications, rights, limitations,  
124 31 and obligations of members or any class or category of  
124 32 members.

124 33 d. The minutes of all meetings of members and records of  
124 34 all actions approved by the members for the past three years.

124 35 e. All written communications to members generally within  
125 1 the past three years, including the financial statements  
125 2 furnished for the past three years under section 504A.1611.

125 3 f. A list of the names and business or home addresses of  
125 4 its current directors and officers.

125 5 g. Its most recent biennial report delivered to the  
125 6 secretary of state under section 504A.1613.

125 7 Sec. 170. NEW SECTION. 504A.1602 INSPECTION OF RECORDS  
125 8 BY MEMBERS.

125 9 1. Subject to subsection 5, a member is entitled to  
125 10 inspect and copy, at a reasonable time and location specified

125 11 by the corporation, any of the records of the corporation  
125 12 described in section 504A.1601, subsection 5, if the member  
125 13 gives the corporation written notice or a written demand at  
125 14 least five business days before the date on which the member  
125 15 wishes to inspect and copy.

125 16 2. Subject to subsection 5, a member is entitled to  
125 17 inspect and copy, at a reasonable time and reasonable location  
125 18 specified by the corporation, any of the following records of  
125 19 the corporation if the member meets the requirements of  
125 20 subsection 3 and gives the corporation written notice at least  
125 21 five business days before the date on which the member wishes  
125 22 to inspect and copy:

125 23 a. Excerpts from any records required to be maintained  
125 24 under section 504A.1601, subsection 1, to the extent not  
125 25 subject to inspection under section 504A.1602, subsection 1.

125 26 b. Accounting records of the corporation.

125 27 c. The membership list.

125 28 3. A member may inspect and copy the records identified in  
125 29 subsection 2 only if all of the following apply:

125 30 a. The member's demand is made in good faith and for a  
125 31 proper purpose.

125 32 b. The member describes with reasonable particularity the  
125 33 purpose of the demand and the records the member desires to  
125 34 inspect.

125 35 c. The records are directly connected to the purpose  
126 1 described.

126 2 d. The board consents, if consent is required by section  
126 3 504A.1605.

126 4 4. This section does not affect either of the following:

126 5 a. The right of a member to inspect records under section  
126 6 504A.711 or, if the member is in litigation with the  
126 7 corporation, to the same extent as any other litigant.

126 8 b. The power of a court, independently of this chapter, to  
126 9 compel the production of corporate records for examination.

126 10 5. The articles or bylaws of a religious corporation may  
126 11 limit or abolish the right of a member under this section to  
126 12 inspect and copy any corporate record.

126 13 Sec. 171. NEW SECTION. 504A.1603 SCOPE OF INSPECTION  
126 14 RIGHT.

126 15 1. A member's agent or attorney has the same inspection  
126 16 and copying rights as the member the agent or attorney  
126 17 represents.

126 18 2. The right to copy records under section 504A.1602  
126 19 includes, if reasonable, the right to receive copies made by  
126 20 photographic, xerographic, or other means.

126 21 3. The corporation may impose a reasonable charge,  
126 22 covering the costs of labor and material, for copies of any  
126 23 documents provided to the member. The charge shall not exceed  
126 24 the estimated cost of production or reproduction of the  
126 25 records.

126 26 4. The corporation may comply with a member's demand to  
126 27 inspect the record of members under section 504A.1602,  
126 28 subsection 2, paragraph "c", by providing the member with a  
126 29 list of its members that was compiled no earlier than the date  
126 30 of the member's demand.

126 31 Sec. 172. NEW SECTION. 504A.1604 COURT=ORDERED  
126 32 INSPECTION.

126 33 1. If a corporation does not allow a member who complies  
126 34 with section 504A.1602, subsection 1, to inspect and copy any  
126 35 records required by that subsection to be available for  
127 1 inspection, the district court in the county where the  
127 2 corporation's principal office is located or, if none is  
127 3 located in this state, where its registered office is located,  
127 4 may summarily order inspection and copying of the records  
127 5 demanded at the corporation's expense upon application of the  
127 6 member.

127 7 2. If a corporation does not within a reasonable time  
127 8 allow a member to inspect and copy any other records, the  
127 9 member who complies with section 504A.1602, subsections 2 and  
127 10 3, may apply to the district court in the county where the  
127 11 corporation's principal office is located or, if none is  
127 12 located in this state, where its registered office is located,  
127 13 for an order to permit inspection and copying of the records  
127 14 demanded. The court shall dispose of an application under  
127 15 this subsection on an expedited basis.

127 16 3. If the court orders inspection and copying of the  
127 17 records demanded, it shall also order the corporation to pay  
127 18 the member's costs, including reasonable attorney fees  
127 19 incurred, to obtain the order unless the corporation proves  
127 20 that it refused inspection in good faith because it had a  
127 21 reasonable basis for doubt about the right of the member to

127 22 inspect the records demanded.

127 23 4. If the court orders inspection and copying of the  
127 24 records demanded, it may impose reasonable restrictions on the  
127 25 use or distribution of the records by the demanding member.

127 26 Sec. 173. NEW SECTION. 504A.1605 LIMITATIONS ON USE OF  
127 27 CORPORATE RECORDS.

127 28 Without consent of the board, no corporate record may be  
127 29 obtained or used by any person for any purpose unrelated to a  
127 30 member's interest as a member. Without limiting the  
127 31 generality of the foregoing, without the consent of the board,  
127 32 corporate records including, without limitation, a membership  
127 33 list or any part thereof, shall not be used for any of the  
127 34 following:

127 35 1. To solicit money or property unless such money or  
128 1 property will be used solely to solicit the votes of the  
128 2 members in an election to be held by the corporation.

128 3 2. For any commercial purpose.

128 4 3. For sale to or purchase by any person.

128 5 4. For any purpose that is detrimental to the interests of  
128 6 the corporation.

128 7 Sec. 174. NEW SECTION. 504A.1606 INSPECTION OF RECORDS  
128 8 BY DIRECTORS.

128 9 1. A director of a corporation is entitled to inspect and  
128 10 copy the books, records, and documents of the corporation at  
128 11 any reasonable time to the extent reasonably related to the  
128 12 performance of the director's duties as a director, including  
128 13 duties as a member of a committee, but not for any other  
128 14 purpose or in any manner that would violate any duty to the  
128 15 corporation.

128 16 2. The district court of the county where the  
128 17 corporation's principal office, or if none in this state, its  
128 18 registered office, is located may order inspection and copying  
128 19 of the books, records, and documents at the corporation's  
128 20 expense, upon application of a director who has been refused  
128 21 such inspection rights, unless the corporation establishes  
128 22 that the director is not entitled to such inspection rights.  
128 23 The court shall dispose of an application under this  
128 24 subsection on an expedited basis.

128 25 3. If an order is issued, the court may include provisions  
128 26 protecting the corporation from undue burden or expense, and  
128 27 prohibiting the director from using information obtained upon  
128 28 exercise of the inspection rights in a manner that would  
128 29 violate a duty to the corporation, and may also order the  
128 30 corporation to reimburse the director for the director's  
128 31 costs, including reasonable counsel fees, incurred in  
128 32 connection with the application.

128 33 PART 2  
128 34 REPORTS

128 35 Sec. 175. NEW SECTION. 504A.1611 FINANCIAL STATEMENTS  
129 1 FOR MEMBERS.

129 2 1. Except as provided in the articles or bylaws of a  
129 3 religious corporation, a corporation upon written demand from  
129 4 a member shall furnish that member the corporation's latest  
129 5 annual financial statements, which may be consolidated or  
129 6 combined statements of the corporation and one or more of its  
129 7 subsidiaries or affiliates, as appropriate, that include a  
129 8 balance sheet as of the end of the fiscal year and a statement  
129 9 of operations for that year.

129 10 2. If annual financial statements are reported upon by a  
129 11 public accountant, the accountant's report must accompany  
129 12 them.

129 13 Sec. 176. NEW SECTION. 504A.1612 REPORT OF  
129 14 INDEMNIFICATION TO MEMBERS.

129 15 If a corporation indemnifies or advances expenses to a  
129 16 director under section 504A.852, 504A.853, 504A.854, or  
129 17 504A.855 in connection with a proceeding by or in the right of  
129 18 the corporation, the corporation shall report the  
129 19 indemnification or advance in writing to the members with or  
129 20 before the notice of the next meeting of members.

129 21 Sec. 177. NEW SECTION. 504A.1613 BIENNIAL REPORT FOR  
129 22 SECRETARY OF STATE.

129 23 1. Each domestic corporation, and each foreign corporation  
129 24 authorized to transact business in this state, shall deliver  
129 25 to the secretary of state for filing a biennial report on a  
129 26 form prescribed and furnished by the secretary of state that  
129 27 sets forth all of the following:

129 28 a. The name of the corporation and the state or country  
129 29 under whose law it is incorporated.

129 30 b. The address of the corporation's registered office and  
129 31 the name of the corporation's registered agent at that office  
129 32 in this state, together with the consent of any new registered

129 33 agent.  
129 34 c. The address of the corporation's principal office.  
129 35 d. The names and addresses of the president, secretary,  
130 1 treasurer, and one member of the board of directors.  
130 2 e. A brief description of the nature of the corporation's  
130 3 activities.  
130 4 f. Whether or not the corporation has members.  
130 5 g. If the corporation is a domestic corporation, whether  
130 6 the corporation is a public benefit, mutual benefit, or  
130 7 religious corporation.  
130 8 h. If the corporation is a foreign corporation, whether  
130 9 the corporation would be a public benefit, mutual benefit, or  
130 10 religious corporation had the corporation been incorporated in  
130 11 this state.  
130 12 2. The information in the biennial report must be current  
130 13 on the date the biennial report is executed on behalf of the  
130 14 corporation.  
130 15 3. The first biennial report shall be delivered to the  
130 16 secretary of state between January 1 and April 1 of the first  
130 17 odd-numbered year following the calendar year in which a  
130 18 domestic corporation was incorporated or a foreign corporation  
130 19 was authorized to transact business. Subsequent biennial  
130 20 reports must be delivered to the secretary of state between  
130 21 January 1 and April 1 of the following odd-numbered calendar  
130 22 years.  
130 23 4. a. If a biennial report does not contain the  
130 24 information required by this section, the secretary of state  
130 25 shall promptly notify the reporting domestic or foreign  
130 26 corporation in writing and return the report to the  
130 27 corporation for correction.  
130 28 b. A filing fee for the biennial report shall be  
130 29 determined by the secretary of state.  
130 30 c. For purposes of this section, each biennial report  
130 31 shall contain information related to the two-year period  
130 32 immediately preceding the calendar year in which the report is  
130 33 filed.  
130 34 5. The secretary of state may provide for the change of  
130 35 registered office or registered agent on the form prescribed  
131 1 by the secretary of state for the biennial report, provided  
131 2 that the form contains the information required in section  
131 3 504A.502 or 504A.508. If the secretary of state determines  
131 4 that a biennial report does not contain the information  
131 5 required by this section but otherwise meets the requirements  
131 6 of section 504A.502 or 504A.508 for the purpose of changing  
131 7 the registered office or registered agent, the secretary of  
131 8 state shall file the statement of change of registered office  
131 9 or registered agent, effective as provided in section  
131 10 504A.114, before returning the biennial report to the  
131 11 corporation as provided in this section. A statement of  
131 12 change of registered office or agent pursuant to this  
131 13 subsection shall be executed by a person authorized to execute  
131 14 the biennial report.

131 15 SUBCHAPTER XVII  
131 16 TRANSITION PROVISIONS

131 17 Sec. 178. NEW SECTION. 504A.1701 APPLICATION TO EXISTING  
131 18 DOMESTIC CORPORATIONS.

131 19 A domestic corporation in existence on April 1, 2005, that  
131 20 was incorporated under the statutes of this state as they  
131 21 existed prior to July 1, 2004, is subject to this chapter on  
131 22 and after April 1, 2005.

131 23 Sec. 179. NEW SECTION. 504A.1702 APPLICATION TO  
131 24 QUALIFIED FOREIGN CORPORATIONS.

131 25 A foreign corporation authorized to transact business in  
131 26 this state on the effective date of this Act is subject to  
131 27 this chapter, but is not required to obtain a new certificate  
131 28 of authority to transact business under this chapter.

131 29 Sec. 180. NEW SECTION. 504A.1703 SAVINGS PROVISIONS.

131 30 1. Except as provided in subsection 2, the repeal of a  
131 31 statute by this Act does not affect any of the following:

131 32 a. The operation of the statute or any action taken under  
131 33 it before its repeal.

131 34 b. Any ratification, right, remedy, privilege, obligation,  
131 35 or liability acquired, accrued, or incurred under the statute  
132 1 before its repeal.

132 2 c. Any violation of the statute or any penalty,  
132 3 forfeiture, or punishment incurred because of the violation,  
132 4 before its repeal.

132 5 d. Any proceeding, reorganization, or dissolution  
132 6 commenced under the statute before its repeal, and the  
132 7 proceeding, reorganization, or dissolution may be completed in  
132 8 accordance with the statute as if it had not been repealed.

132 9 2. If a penalty or punishment imposed for violation of a  
132 10 statute repealed by this Act is reduced by this chapter, the  
132 11 penalty or punishment, if not already imposed, shall be  
132 12 imposed in accordance with this chapter.

132 13 Sec. 181. NEW SECTION. 504A.1704 SEVERABILITY.  
132 14 If any provision of this chapter or its application to any  
132 15 person or circumstance is held invalid by a court of competent  
132 16 jurisdiction, the invalidity does not affect other provisions  
132 17 or applications of the chapter that can be given effect  
132 18 without the invalid provision or application, and to this end  
132 19 the provisions of the chapter are severable.

132 20 Sec. 182. NEW SECTION. 504A.1705 PUBLIC BENEFIT, MUTUAL  
132 21 BENEFIT, AND RELIGIOUS CORPORATIONS.  
132 22 On April 1, 2005, each domestic corporation existing on  
132 23 April 1, 2005, that is or becomes subject to this chapter as  
132 24 provided in section 504A.1701, shall be designated as a public  
132 25 benefit, mutual benefit, or religious corporation as follows:  
132 26 1. A corporation designated by statute as a public benefit  
132 27 corporation, a mutual benefit corporation, or a religious  
132 28 corporation is deemed to be the type of corporation designated  
132 29 by that statute.  
132 30 2. A corporation that does not come within subsection 1  
132 31 but is organized primarily or exclusively for religious  
132 32 purposes is a religious corporation.  
132 33 3. A corporation that does not come within subsection 1 or  
132 34 2 but which is recognized as exempt under section 501(c)(3) of  
132 35 the Internal Revenue Code, or any successor section, is a  
133 1 public benefit corporation.  
133 2 4. A corporation that does not come within subsection 1,  
133 3 2, or 3, but which is organized for a public or charitable  
133 4 purpose and which upon dissolution must distribute its assets  
133 5 to a public benefit corporation, the United States, a state,  
133 6 or a person recognized as exempt under section 501(c)(3) of  
133 7 the Internal Revenue Code, or any successor section, is a  
133 8 public benefit corporation.  
133 9 5. A corporation that does not come within subsection 1,  
133 10 2, 3, or 4 is a mutual benefit corporation.

133 11 Sec. 183. Section 15E.64, subsection 2, unnumbered  
133 12 paragraph 1, Code 2003, is amended to read as follows:  
133 13 To facilitate the organization of an Iowa capital  
133 14 investment corporation, both of the following persons shall  
133 15 serve as incorporators as provided in section ~~504A.28~~  
133 16 504A.201:

133 17 Sec. 184. Section 230A.12, unnumbered paragraph 1, Code  
133 18 2003, is amended to read as follows:  
133 19 Each community mental health center established or  
133 20 continued in operation pursuant to section 230A.3, shall be  
133 21 organized under ~~the Iowa nonprofit corporation Act appearing~~  
~~133 22 as chapter 504A,~~ except that a community mental health center  
133 23 organized under chapter 504 prior to July 1, 1974, shall not  
133 24 be required by this chapter to adopt the Iowa nonprofit  
133 25 corporation Act if it is not otherwise required to do so by  
133 26 law. The board of directors of each such community mental  
133 27 health center shall enter into an agreement with the county or  
133 28 affiliated counties which are to be served by the center,  
133 29 which agreement shall include but need not be limited to the  
133 30 period of time for which the agreement is to be in force, what  
133 31 services the center is to provide for residents of the county  
133 32 or counties to be served, standards the center is to follow in  
133 33 determining whether and to what extent persons seeking  
133 34 services from the center shall be considered able to pay the  
133 35 cost of the services received, and policies regarding  
134 1 availability of the center's services to persons who are not  
134 2 residents of the county or counties served by the center. The  
134 3 board of directors, in addition to exercising the powers of  
134 4 the board of directors of a nonprofit corporation may:  
134 5 Sec. 185. Section 490.401, subsection 2, paragraph b, Code  
134 6 2003, is amended to read as follows:  
134 7 b. A corporate name reserved or registered under section  
134 8 490.402, 490.403, or ~~504A.7~~ 504A.402.

134 9 Sec. 186. Section 497.22, unnumbered paragraph 1, Code  
134 10 2003, is amended to read as follows:  
134 11 ~~Sections 504A.83 and 504A.84 apply~~ Section 504A.1613  
134 12 applies to a cooperative association organized under this  
134 13 chapter in the same manner as ~~those sections apply that~~  
134 14 section applies to a corporation organized under chapter 504A.  
134 15 In addition to the information required to be set forth in the  
134 16 biennial report under section ~~504A.83~~ 504A.1613, the  
134 17 cooperative association shall also set forth the total amount  
134 18 of business transacted, number of members, total expense of  
134 19 operation, total amount of indebtedness, and total profits or

134 20 losses for each calendar or fiscal year of the two-year period  
134 21 which ended immediately preceding the first day of January of  
134 22 the year in which the report is filed.

134 23 Sec. 187. Section 498.24, unnumbered paragraph 1, Code  
134 24 2003, is amended to read as follows:

134 25 ~~Sections 504A.83 and 504A.84 apply~~ Section 504A.1613

134 26 applies to a cooperative association organized under this  
134 27 chapter in the same manner as ~~those sections apply that~~  
134 28 section applies to a corporation organized under chapter 504A.  
134 29 In addition to the information required to be set forth in the  
134 30 biennial report under section ~~504A.83~~ 504A.1613, the  
134 31 cooperative association shall also set forth the total amount  
134 32 of business transacted, number of members, total expense of  
134 33 operation, total amount of indebtedness, and total profits or  
134 34 losses for each calendar or fiscal year of the two-year period  
134 35 which ended immediately preceding the first day of January of  
135 1 the year in which the report is filed.

135 2 Sec. 188. Section 499.49, Code 2003, is amended to read as  
135 3 follows:

135 4 499.49 BIENNIAL REPORT.

135 5 ~~Sections 504A.83 and 504A.84 apply~~ Section 504A.1613

135 6 applies to a cooperative organized under this chapter in the  
135 7 same manner as ~~those sections apply that section applies~~ to a  
135 8 corporation organized under chapter 504A. In addition to the  
135 9 information required to be set forth in the biennial report  
135 10 under section ~~504A.83~~ 504A.1613, the cooperative shall also  
135 11 set forth the number of members of the cooperative, the  
135 12 percentage of the cooperative's business done with or for its  
135 13 own members during each of the fiscal or calendar years of the  
135 14 preceding two-year period, the percentage of the cooperative's  
135 15 business done with or for each class of nonmembers specified  
135 16 in section 499.3, and any other information deemed necessary  
135 17 by the secretary of state to advise the secretary whether the  
135 18 cooperative is actually functioning as a cooperative.

135 19 Sec. 189. Section 504A.102, subsection 2, paragraphs a and  
135 20 b, Code 2003, are amended to read as follows:

135 21 a. The adoption of a resolution or resolutions at a  
135 22 meeting of the board of directors upon receiving the vote of a  
135 23 majority of the directors in office and of the members of the  
135 24 association in the same manner as provided in section ~~504A.35~~  
135 25 504A.1003. The resolution or resolutions shall recite that  
135 26 the association voluntarily elects to be governed as a  
135 27 corporation under this chapter. The resolution must designate  
135 28 the address of the association's initial registered office and  
135 29 the name of the association's registered agent or agents at  
135 30 that office, if any.

135 31 b. The adoption of articles of incorporation in compliance  
135 32 with section ~~504A.29~~ 504A.202 at a meeting of the board of  
135 33 directors upon receiving the vote of a majority of the  
135 34 directors in office and of the members of the association in  
135 35 the same manner as provided in section ~~504A.35~~ 504A.1003. The  
136 1 articles of incorporation may be a restatement, substitution,  
136 2 or amendment of articles of incorporation adopted by the  
136 3 association pursuant to section 176.3. The articles of  
136 4 incorporation may be made part of the resolution or  
136 5 resolutions adopted by the association pursuant to paragraph  
136 6 "a" of this subsection.

136 7 Sec. 190. Section 504A.102, subsection 2, paragraph c,  
136 8 subparagraphs (1) and (3), Code 2003, are amended to read as  
136 9 follows:

136 10 (1) The association name as provided in the association's  
136 11 articles of incorporation pursuant to section 176.3 and the  
136 12 new corporation's corporate name, if different, as provided in  
136 13 section ~~504A.6~~ 504A.401.

136 14 (3) The address of the new corporation's registered office  
136 15 and the name of the new corporation's registered agent as  
136 16 provided in section ~~504A.8~~ 504A.501.

136 17 Sec. 191. Section 504A.102, subsection 2, paragraph d,  
136 18 unnumbered paragraph 1, Code 2003, is amended to read as  
136 19 follows:

136 20 All of the following shall be delivered to the office of  
136 21 the secretary of state for filing and recording as provided in  
136 22 section ~~504A.30~~ 504A.111:

136 23 Sec. 192. Section 504A.102, subsection 3, Code 2003, is  
136 24 amended by striking the subsection and inserting in lieu  
136 25 thereof the following:

136 26 3. CERTIFICATE OF INCORPORATION. Unless a delayed  
136 27 effective date is specified, the corporate existence begins  
136 28 when the articles of incorporation are filed as provided in  
136 29 section 504A.203.

136 30 Sec. 193. Section 504A.102, subsection 4, Code 2003, is

136 31 amended to read as follows:

136 32 4. LIABILITIES AND RIGHTS PRIOR TO THE ELECTION. An  
136 33 association's election to be governed as a corporation under  
136 34 this chapter does not affect any right accrued or established,  
136 35 or any liability or penalty incurred, under the provisions of  
137 1 chapter 176, prior to filing of the resolution or resolutions,  
137 2 articles of incorporation, and instrument of verification by  
137 3 the association as provided in ~~subsection 2~~ this chapter.

137 4 Sec. 194. Section 504A.102, subsection 5, Code 2003, is  
137 5 amended to read as follows:

137 6 5. REPEAL. ~~This section is Subsections 1, 2, and 3 of~~  
137 7 ~~this section are repealed on July 1, 2005.~~

137 8 Sec. 195. Section 534.501, subsection 4, Code 2003, is  
137 9 amended to read as follows:

137 10 4. AMENDMENT PROCEDURE. The procedure for amending  
137 11 articles of incorporation or adopting restated articles for  
137 12 mutual associations is that specified in ~~section 504A.35~~  
137 13 ~~chapter 504A, subchapter 10~~, and for stock associations it is  
137 14 that specified in section 490.726 and sections 490.1002  
137 15 through 490.1005.

137 16 Sec. 196. Section 602.8102, subsection 70, Code 2003, is  
137 17 amended to read as follows:

137 18 70. Certify a copy of a decree of dissolution of a  
137 19 nonprofit corporation to the secretary of state and the  
137 20 recorder in the county in which the corporation is located as  
137 21 provided in section ~~504A.62~~ 504A.1434.

137 22 Sec. 197. Sections 504A.1 through 504A.101, Code 2003, are  
137 23 repealed.

137 24 Sec. 198. EFFECTIVE DATE. This Act takes effect July 1,  
137 25 2004.

#### 137 26 EXPLANATION

137 27 This bill repeals Code sections 504A.1 through 504A.101,  
137 28 relating to nonprofit corporations, and replaces them with the  
137 29 revised model nonprofit corporation Act.

137 30 Subchapter I provides for filing requirements, forms  
137 31 prescribed and furnished by the secretary of state, filing,  
137 32 service, and copying fees, the effective date of filed  
137 33 documents, correcting filed documents, the filing duty of the  
137 34 secretary of state, the procedure for appealing from the  
137 35 secretary of state's refusal to file a document, evidentiary  
138 1 effect of a copy of a filed document, a certificate of  
138 2 existence, a penalty for signing a false document, powers of  
138 3 the secretary of state, notice requirements, judicial relief,  
138 4 the role of the attorney general, and religious corporations.

138 5 Subchapter II provides for incorporators of a nonprofit  
138 6 corporation, articles of incorporation, incorporation,  
138 7 liability for preincorporation transactions, organization of a  
138 8 nonprofit corporation, bylaws, and emergency bylaws and  
138 9 powers.

138 10 Subchapter III provides for the general powers of a  
138 11 nonprofit corporation, emergency powers of a nonprofit  
138 12 corporation, and ultra vires.

138 13 Subchapter IV provides for corporate names, reserved names,  
138 14 and registered names.

138 15 Subchapter V provides for registered offices and registered  
138 16 agents of the corporation, the method of changing a registered  
138 17 office or registered agent, resignation of registered agents,  
138 18 and the method of service on the nonprofit corporation.

138 19 Subchapter VI provides for the admission of members,  
138 20 consideration for admission, member requirements, differences  
138 21 in rights and obligations of members, transfer of memberships,  
138 22 a member's liability to third parties, a member's liability  
138 23 for dues, assessments, and fees, a creditor's action against  
138 24 members, resignation of members, termination, expulsion, or  
138 25 suspension of members, purchase of memberships, derivative  
138 26 suits, and delegates having some or all of the authority of  
138 27 members.

138 28 Subchapter VII provides for annual and regular meetings,  
138 29 special meetings, court-ordered meetings, action by written  
138 30 consent, notice of meetings, waiver of notice, record dates,  
138 31 determination of members entitled to notice and vote, action  
138 32 by written ballot, a members' list for a meeting, voting  
138 33 entitlement generally, quorum requirements, voting  
138 34 requirements, proxies, cumulative voting for directors, other  
138 35 methods of electing directors, a corporation's acceptance of  
139 1 votes, and voting agreements.

139 2 Subchapter VIII provides for requirements for and duties of  
139 3 the board of directors, qualifications of directors, number of  
139 4 directors, election, designation, and appointment of  
139 5 directors, terms of directors, staggered terms for directors,  
139 6 resignation of directors, removal of directors elected by

139 7 members or directors, removal of designated or appointed  
139 8 directors, removal of directors by judicial proceeding,  
139 9 vacancy on the board of directors, compensation of directors,  
139 10 regular and special meetings of the board, action without a  
139 11 meeting of the board, call and notice of a meeting of the  
139 12 board, waiver of notice of a meeting of the board, quorum and  
139 13 voting at a meeting of the board, committees of the board,  
139 14 general standards for directors, director conflicts of  
139 15 interest, loans to or guarantees for directors and officers,  
139 16 liability for unlawful distributions, required officers,  
139 17 duties and authority of officers, standards of conduct for  
139 18 officers, resignation and removal of officers, contract rights  
139 19 of officers, officers' authority to execute documents,  
139 20 authority of a nonprofit corporation to indemnify, mandatory  
139 21 indemnification, advances for expenses of a director, court=  
139 22 ordered indemnification, determination and authorization of  
139 23 indemnification, indemnification of officers, employees, and  
139 24 agents of the nonprofit corporation, and insurance purchased  
139 25 and maintained by the nonprofit corporation.

139 26 Subchapter IX provides for personal liability and  
139 27 limitations to the personal liability of a director, officer,  
139 28 member, or volunteer of a nonprofit corporation.

139 29 Subchapter X provides for the authority to amend articles  
139 30 of incorporation, amendment of the articles of incorporation  
139 31 by the directors, amendment of the articles of incorporation  
139 32 by directors and members, class voting by members on  
139 33 amendments of the articles of incorporation, articles of  
139 34 amendment, restated articles of incorporation, amendments of  
139 35 the articles of incorporation pursuant to judicial  
140 1 reorganization, effect of amendment and restatement, amendment  
140 2 of the bylaws by directors, amendment of the bylaws by  
140 3 directors and members, class voting by members on amendments  
140 4 of the bylaws, approval of amendments of the bylaws and  
140 5 articles of incorporation by third persons, and amendments  
140 6 terminating members or redeeming or canceling memberships.

140 7 Subchapter XI provides for the approval of a plan of  
140 8 merger, limitations on mergers by public benefit or religious  
140 9 corporations, action on a merger plan by the board of  
140 10 directors, members, and third persons, articles of merger,  
140 11 effects of a merger, merger with a foreign corporation, and  
140 12 bequests, devises, and gifts to a corporation involved in a  
140 13 merger.

140 14 Subchapter XII provides for the sale of assets in the  
140 15 regular course of activities and mortgage of assets and the  
140 16 sale of assets other than in the regular course of activities  
140 17 by nonprofit corporations.

140 18 Subchapter XIII provides for prohibited distributions and  
140 19 authorized distributions by nonprofit corporations.

140 20 Subchapter XIV provides for dissolution by incorporators or  
140 21 directors and third persons, dissolution by directors,  
140 22 members, and third persons, notices to the attorney general,  
140 23 articles of dissolution, revocation of dissolution, effects of  
140 24 dissolution, known claims against a dissolved corporation,  
140 25 unknown claims against a dissolved corporation, grounds for  
140 26 administrative dissolution, procedure for and effect of  
140 27 administrative dissolution, reinstatement following  
140 28 administrative dissolution, appeal from denial of  
140 29 reinstatement, grounds for judicial dissolution, procedure for  
140 30 judicial dissolution, receivership or custodianship, decrees  
140 31 of dissolution, and depositing assets with the treasurer of  
140 32 state.

140 33 Subchapter XV provides for requiring an authority to  
140 34 transact business, consequences of transacting business  
140 35 without authority, an application for a certificate of  
141 1 authority, an amended certificate of authority, the corporate  
141 2 name of a foreign corporation, the registered office and  
141 3 registered agent of a foreign corporation, change of a  
141 4 registered office of a registered agent of a foreign  
141 5 corporation, the resignation of a registered agent of a  
141 6 foreign corporation, service on a foreign corporation, the  
141 7 withdrawal of a foreign corporation, grounds for revocation of  
141 8 a certificate of authority, the procedure and effect of  
141 9 revocation of a certificate of authority, and appeal from a  
141 10 revocation of a certificate of authority.

141 11 Subchapter XVI provides for corporate records, the  
141 12 inspection of corporate records by members, the scope of  
141 13 inspection rights, court-ordered inspections, financial  
141 14 statements of a corporation upon demand by members, and a  
141 15 biennial report for the secretary of state.

141 16 Subchapter XVII provides for the application of new Code  
141 17 chapter 504A to existing corporations and qualified foreign

141 18 corporations, savings provisions, severability, and the  
141 19 designation of public benefit, mutual benefit, and religious  
141 20 corporations.

141 21 The bill provides conforming amendments.

141 22 Code section 504A.102 relating to farm aid associations is  
141 23 amended to provide that any liabilities or rights of a farm  
141 24 aid association that exist prior to the association's election  
141 25 to be governed as a corporation under chapter 504A continue  
141 26 after the July 1, 2005, repeal of other transition provisions  
141 27 relating to farm aid associations.

141 28 The bill takes effect July 1, 2004, and is applicable to  
141 29 new corporations incorporated after that date. Corporations  
141 30 in existence prior to July 1, 2004, are subject to the bill on  
141 31 and after April 1, 2005. All corporations that are or become  
141 32 subject to this bill on April 1, 2005, must be designated as a  
141 33 public benefit, mutual benefit, or religious corporation on  
141 34 April 1, 2005.

141 35 LSB 1151SC 80

142 1 av/cf/24